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|---|---|---|
| Austria .... Sch 15 | Indonesia .. Rp 1600 | Philippines .. Pes 20 |
| Bahrain .. Din 0.650 | Italy ...... L 1100 | Portugal .... Esc 65 |
| Belgium .... BFr 35 | Japan ........ Y550 | S. Arabia .. Rls 6.00 |
| Canada .... C$2.50 | Jordan .... Fils 500 | Singapore .. S$ 4.10 |
| Denmark .. Dkr 7.00 | Kuwait .... Fils 500 | Spain ...... Pta 95 |
| Egypt ...... E£1.00 | Lebanon .. L£ 6.00 | Sweden .. SKr 6.50 |
| Finland .. Fmk 5.00 | Luxembourg . LFr 35 | Switzerland . SwFr 2 |
| France .. FFr 5.00 | Malaysia .. Rm 4.25 | Tunisia .. Din 0.600 |
| Germany .. DM 2.00 | Morocco .. Dh 6.00 | Turkey ...... L 130 |
| Greece ...... Dr 60 | Netherlands . Fl 2.25 | U.A.E. .... Dh 6.50 |
| India ...... Rup 15 | Norway .. NKr 6.00 | U.S.A. ...... $1.50 |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,012 Tuesday March 1 1983 41779 D 8523 B


**Interbank market: a jolt to be remembered, Page 16**

## NEWS SUMMARY

### GENERAL

## Greece denies coup bid rumours

The Greek Government answered rumours in the country that a coup had been threatened or forestalled by issuing a denial that armed forces units had been involved in "suspicious movements" in the north.

Units in the Athens area had, however, been taking part in weekend exercises.

The rumours prompted the ruling Pasok Party and the Communist Party to alert members to be prepared to resist any attempt to overthrow the country's democracy. Page 2

### U.S. warns Moscow

The Reagan Administration has warned Moscow that it regards Soviet military activity in Syria as dangerous to Middle East peace, said State Secretary George Shulz. Page 18

### Not so deadly

U.S. monitoring of Soviet missile tests has shown that Moscow lacked enough accuracy and reliability to destroy American missile silos in a first strike, said U.S. intelligence sources.

### Taiwan decision

Taiwan's Parliament said it would not recognise any agreement by China and Britain on the future of Hong Kong.

### Gun in Parliament

Opposition Janata Party leader Madhu Dandavate caused uproar in India's lower house of Parliament by drawing a pistol in a discussion on an attempt to murder one of his party's candidates in recent Delhi local elections.

### Assam protest

Workers and students demanding the expulsion of illegal immigrants from Assam shut power stations, refineries, shops and businesses in a protest against the new state government.

### Gritz surrenders

Ex-U.S. commando James "Bo" Gritz, who says he has led a raid into Laos to seek U.S. servicemen still held after the Vietnam war, surrendered to Thai police.

### Mubarak's move

Egyptian President Hosni Mubarak dissolved the League of Islamic and Arab Peoples, set up by the late President Anwar Sadat after the Arab League suspended Egypt from membership.

### Turkey to try Agca

Turkey is to try in absentia its citizen Mehmet Ali Agca, jailed in Rome for attempting to murder Pope John Paul.

### Paris explosion

A woman was killed and four people injured in Paris at a travel company specialising in flights to Turkey.

### Iranian amnesty

Iran freed 8,300 non-political prisoners in an amnesty marking the fourth anniversary of its Islamic revolution.

### Briefly...

Portugal's railways were disrupted by the third drivers' pay strike in a month.

Spain: About 32,000 civilian employees of the forces started a two-day strike to secure rises agreed with the previous Government.

Patrizio Peci, whose confessions helped Italian police capture many Red Brigades terrorists, has been freed from jail.

### BUSINESS

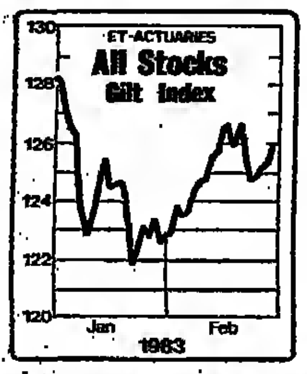
## £49m fall in value of Polly Peck

● ALMOST £49m ($74.2m) was wiped off the London stock market value of Polly Peck (Holdings), the citrus fruit group headed by Mr Asil Nadir, which operates in Cyprus and Turkey, before shares were suspended. There are doubts about its tax status in Turkish Cyprus. Page 18

● DOLLAR rose to DM 2.431 (from DM 2.413), FFr 6.895 (FFr 6.845), SwFr 2.06 (SwFr 2.0275), and Y237.55 (Y234.8). Its Bank of England trade-weighted index rose from 119.7 to 120.6. Page 34

● STERLING fell 1.3c to $1.515, to DM 3.685 (DM 3.69) and FFr 10.445 (FFr 10.46), but rose to SwFr 3.12 (SwFr 3.1) and Y360 (Y350). Its trade-weighted index slipped from 80.4 to 80.2. Page 34

● GOLD fell $50.5 in London to $413. In Frankfurt the drop was $55.25 to $409.5, and in Zurich $55 at $465.5. Page 31. FT gold mines index fell 62.8 to 563.9. Page 27




● LONDON: FT Industrial Ordinary index eased 1.5 to 637.7. Government Securities showed gains averaging almost 0.30 per cent and the FT All Stocks Gilts index was 0.69 up at 126. Page 27. FT Share Information Service, Pages 32, 33

● WALL STREET: Dow Jones Index closed 8.32 down at 1,112.62. Full share listings, Pages 28-30

● TOKYO: Nikkei Dow index was 38.99 up at 8,085.57. Stock Exchange index was 3.03 up at 592.18. Pages 27 and 30

● HONG KONG: Hang Seng index fell 44.75 to 1021.55. Pages 27 and 30

● FRANKFURT: Commerzbank index shed 5.9 at 806.9. Pages 27 and 30

● ITALY'S banks, insurance and finance companies are stepping up plans to introduce units trusts, following a parliamentary go-ahead. Page 18

● DUTCH Government has complained to the EEC about "enormous" inducements paid by Britain to U.S. forklift company Hyster to increase production in Scotland while cutting in the Netherlands and Belgium. Page 2

● INDIA increased taxes by Rs 7.15m ($717.9m) much of it on companies, in its budget. Page 3

### COMPANIES

● VICKERS, the UK engineering group which owns Rolls-Royce Motors, reported 1982 profits 20 per cent down at £19.6m ($29.7m). Lex, Page 18; details, Page 21

● BROWN BOVERIE & CIE, the Swiss parent of the engineering group, had a 36.8 per cent fall in 1982 earnings at SwFr 28m ($13.8m). Page 19

● NMB (Nederlandsche Middenstandsbank) recorded a 39 per cent fall in earnings last year at Fl 90m ($33.6m). Page 18

● HOESCH, the West German steel maker, has rejected an independent expert group's plan to link it with Salzgitter and Klöckner Werke. Page 18

● J. C. PENNEY, U.S. retailer, raised net operating profits 8.6 per cent in 1982, at $430m.

# Gold falls sharply as markets expect big oil price cuts

BY JEREMY STONE IN LONDON

THE PRICE of gold tumbled yesterday as speculators around the world rushed to liquidate their holdings amid gathering rumours that Middle Eastern oil producers might be ready to cut their prices of crude by as much as $7 a barrel.

In London the bullion price fell $50.5 an ounce – the steepest fall since March 1980, and the third largest on record – to close at $413.

The dollar rose strongly against the main currencies, as the foreign exchange market became convinced that despite lower U.S. prime rates, falling oil prices would provoke a flight of funds to the U.S.

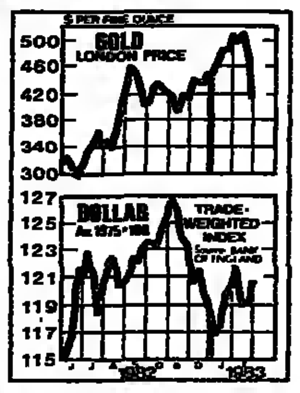
In London sterling closed at $1.5150, equalling its lowest previous close, while the dollar also gained 1.8 pfennigs to close at DM 2.4310.

In New York the dollar closed at DM 2.445 and sterling at $1.5077.

In the foreign exchange markets it was thought that oil producers would increasingly need to sell gold and non-U.S. currency assets to meet dollar commitments.

The falling bullion price took its toll of South African mining shares, triggering one of the biggest daily falls on the Johannesburg stock market.

Shares in some marginal producers, with high production costs, fell about a fifth, while most gold mining shares fell between 10 and 15 per cent.




Yesterday's precipitous drop in bullion prices was set in motion last Friday evening in New York, when late selling forced the price below $450, supposedly a "resistance level."

Many speculators were left unable to finance further losses beyond the weekend, and they attempted to unload their positions when the Hong Kong market opened yesterday. Panic selling in Hong Kong then drove the price down below $400, some $100 lower than its level a week ago.

It appeared that the price might rally in Europe, although dealers traded nervously with larger spreads than normal between their buy and sell prices. But further liquidations in New York sent Comex futures prices down to their limit soon after the opening, restricting trading for the day and thus forcing some sellers back on to the London market – and sending the price down again.

The Comex March settlement was $400.5 ($443.0).

Dealers said the rise in bullion prices in the past two months had been speculative, without much support from jewellery, fabrication or industrial demand. But a fall of this size and speed might be expected to be "corrected" in part in the next day or two, even though underlying demand remained weak.

**John Edwards in London writes:** Turnover on the London gold futures market jumped to a record 3,800 lots (of 100 ounces each). The previous peak was 2,800 lots in late October.

Part of the increased business came as a result of U.S. traders switching into London when the New York gold futures market was

**Continued on Page 18**

French franc under pressure, Page 2; Lex, Page 18; stock markets, commodities, currencies, Section III

# Rumasa banks 'will go back to private sector'

BY DAVID WHITE IN MADRID

SPAIN'S private banking sector is becoming seriously concerned about pressure from the Left, including the Communist and Socialist trade unions, to keep the banks which have been expropriated from the Rumasa group under state control.

Sr Rafael Termes, president of the Spanish Private Banking Association, said yesterday that he had received clear assurances from Sr Felipe González, the Prime Minister, about the return of the banks to private hands once their financial situation had been sorted out.

Sr González had expressed the opinion that keeping the banks would result in excessive state control of the sector, and that the Government had no interest in holding on to them, Sr Termes said.

He added that Sr González had made no exception to this among the banks.

The Government has made clear, however, that denationalisation of these banks is conditional on recovery of the state funds which have been used to put their affairs in order.

There is doubtless pressure on the left of the Socialist Party for the Government to implement the clause in its programme covering possible nationalisation of banks which use state money, and to retain a nucleus of its own banks.

The 18 Rumasa banks, which reopened their doors in most of Spain yesterday, account for roughly 5 per cent of the Spanish banking sector. The largest, the relatively independent Banco Atlántico, has assets of about $1.8bn.

Bankers point out that, in conjunction with Banco Exterior, the state-controlled export credit bank, the state's interests in this sector put it in number one position by both assets and deposits, above the leading private banks Banco Central, Banesto and Banco Hispano-Americano.

Despite the looming battle over reprivatisation, most bankers are privately relieved about the expropriation measure.

This means that the weight of the Rumasa burden is not placed on the Deposit Guarantee Fund, the main instrument for previous bank rescues, whose funds come jointly from the bank of Spain and the banks themselves. Any operation by the fund on this scale would have required a sharp increase in banks' contributions.

# Chase hits 'misuse' of interbank market

BY ALAN FRIEDMAN IN LONDON

THE CHAIRMAN of Chase Manhattan Bank, America's third largest bank in terms of assets, yesterday accused a number of banks of having "misused" the $1,000bn interbank deposit system, the bank-to-bank market that keeps the world banking business ticking over.

Mr Willard Butcher, the Chase chairman, described the condition of the interbank market as "unhealthy" and said a number of banks had "run for cover" by withdrawing credit lines from the branches of banks from struggling debtor nations.

"I think when you see banks pull away from a major country, in a very short time, very substantial amounts of money, that cannot be healthy," said Mr Butcher.

He stressed that main U.S. and British banks had been standing by the interbank market, not withdrawing vital credit lines. There had been instances, however, of large banks from other countries and "smaller banks in all countries" withdrawing bank-to-bank deposits during the world debt crisis.

"Some banks have clearly created some of the problem," he added. One of the dangers in the interbank market was that it was very easy to enter, according to Mr Butcher. The problems have arisen as banks have panicked and attempted to pull back their interbank deposits.

"No one is going to get out of the door all at once. That results in a liquidity crisis. That is what brings the system to a halt," explained the chairman, who is visiting London.

Mr Butcher singled out Lord Richardson, Governor of the Bank of England, and Mr Paul Volcker, chairman of the U.S. Federal Reserve Board, for special commendation for the way they have reacted to the problems of debtor countries.

A jolt in the interbank market, Page 16

# AT & T may launch $1bn issue

By Paul Taylor in New York

AMERICAN Telephone and Telegraph (AT & T), the U.S. telecommunications group, said yesterday it plans another mammoth $1bn share issue "in the near future."

The company, which also yesterday won the latest court battle over its divestiture plans when the Supreme Court approved the anti-trust settlement between AT & T and the U.S. Justice Department, said the proceeds of the proposed share sale will be used for general corporate purposes. They will also be used for advances to subsidiary and associated companies and for equity investment in these companies to enable them to meet the demand for communications services.

AT & T's last public share offering was in December when the company raised $1.06bn through the issue of 17.7m shares – the largest offering ever.

# Opec accuses UK of holding up output deal

BY ROGER MATTHEWS IN LONDON

BRITAIN IS coming under increasingly sharp criticism from members of the Organisation of Petroleum Exporting Countries (Opec) for refusing to co-operate more fully in their efforts to prevent a collapse in world oil prices.

Saudi Arabia and the Gulf states believe that significant progress has been made in the past six days towards acceptance by Opec and non-Opec members of the need for an orderly and controlled cut in prices.

"Consensus has been reached on a cut of $4 to a new reference price of $30 a barrel," a senior official said last night. "What we are now arguing about is quotas and there is still some work to do on differentials. If it was not for the attitudes of Britain and Iran, I would be confident of a global agreement in principle by the weekend."

The Opec official news service issued a special article yesterday which asked: "Will Britain bite off its nose to spite its face?" It claimed that Britain's stance was critical to any new Opec agreement and accused Mrs Thatcher, Prime Minister, of showing "no willingness to share in the burden of restoring a balance" to world oil production.

The article said Britain's oil production policy was strongly influenced by the possibility of a June election and the forthcoming budget, but warned that, as a high-cost marginal supplier, Britain "was much more sensitive to price reductions than Opec nations will ever be."

The British Government was said to have "responded encouragingly to informal talks with Opec Ministers and their emissaries, despite its rhetoric about refusing to participate in any price fixing." What remained to be seen was "whether concern will be translated into action or whether the old attitude of maximising output will continue to prevail."

This accurate reflection of Gulf thinking came after a weekend visit to London by Sheikh Ali Khalifa al-Sabah, Kuwait's Oil Minister, the latest in a line of Opec visitors. The Department of Energy refused to confirm that Sheikh Khalifa had been in London or that he met British officials.

A spokesman said the Government was "not involved or interest-

**Continued on Page 18**

UK energy costs down, Page 9

# Venezuela imposes 3-tier exchange rate

BY KIM FUAD IN CARACAS

VENEZUELA yesterday announced a three-tier exchange rate after more than a week of Cabinet-level debate which ended with the threatened resignation of Dr Leopoldo Diaz Bruzual, the Central Bank president.

Dr Arturo Sosa, Finance Minister, said that dollar sales would be based on a preferential rate of 4.30 bolivars to the dollar, an intermediate rate of 6.00 and a floating rate.

Yesterday morning, the Caracas stock market, which is in charge of the floating rate for the bolivar, sold $469,000 at a rate of 7.40 bolivars to the dollar, while exchange houses were reportedly selling dollars at a 7.50 rate. These were the first sales of dollars since foreign-currency sales were suspended on February 20.

In four decrees issued shortly after midnight on Sunday, the Government named a commission to oversee implementation of the new exchange control system, froze all prices of goods and services for 60 days, and defined eligibility for the different exchange rates.

Immediate reaction by both foreign investors and international banking representatives was negative. Investment advisers noted that majority foreign-owned companies in Venezuela were excluded from the preferential rates. Bankers said that Venezuela's private sector would have to roll over its short-term debts in order to be eligible for the preferential rates.

"It's one thing to deal with the Venezuelan Government's debt renegotiation and quite another to deal with scores of small firms," one banker noted.

Implementation of the exchange rates required agreements between the Finance Ministry and the central bank, which were signed early yesterday. Delay in reaching agree-

**Continued on Page 18**

Peru seeks jumbo loan, Page 18

# BL unveils Maestro as state pledges £100m aid

By Kenneth Gooding, Motor Industry Correspondent, in London

THE UK Government has approved the 1983 corporate plan of BL, the state-owned car group, and has agreed to make available to it a further £100m in the 1983-84 financial year.

The announcement, by Mr Norman Lamont, the UK Minister for Industry, was carefully timed and made on the eve of today's launch of BL's Maestro, a car which gives the group a modern product in the important medium sector of the market.

Maestro is a critical element in BL's drive for profitability. Mr Harold Musgrove, chairman of Austin Rover, BL's volume car subsidiary, commented yesterday: "While Metro was the key in our survival, Maestro is the key to our prosperity."

More than £2bn of state cash has been injected into BL and the Government obviously feels it should play its part in the Maestro launch programme.

Mr Patrick Jenkin, the Industry Secretary, will use a Maestro as his official car for several weeks and Mrs Margaret Thatcher, the Prime Minister, will also be involved in today's launch.

The £100m asked for by BL for 1983-84 is relatively modest compared with the £620m received in 1981-82 and the £370m approved for the current financial year.

BL had indicated that it would need £150m from March 1983 onwards. But its position has improved to the extent that it now says it can make do with £100m, to be drawn as equity if needed in 1983 and 1984.

The group has not yet taken all the £370m allocated for 1982-83. The £100m remaining will be carried forward to be taken up next financial year.

Mr Lamont yesterday carefully linked the reduction in BL's cash requirement with the fact that the board will use cash from private-sector equity, which it expects to attract during the next two years.

The corporate plan, an abridged version of which was made available to Members of Parliament yesterday, contains no surprises. It confirms that BL is on course to be "approaching break-even" at trading level this year and at the pre-tax level in 1984.

BL is sure Maestro will play a major part in the achievement of those targets.

Survey, Section IV



## CONTENTS

EUROPEAN NEWS

# Genscher tries to rally support for European Act

BY JOHN WYLES IN BRUSSELS

THE West German Foreign Minister, Herr Hans Dietrich Genscher, will try tomorrow to rally his EEC colleagues behind o draft political declaration which fevours a strengthening and development of the European Community.

Herr Genscher's anxiety to achieve a breakthrough on proposals for a "European Act" Is not altogether unconnected with the *West German* general election next Sunday. Since he took over the presidency of the EEC Council of Ministers at the beginning of the year, Herr Genscher has *skilfully exploited* the European platform in an attempt to improve the highly precarious domestic political standing of his Free Democretic Party.

In collaboration with Sig Emilio Colombo, the Italian *Foreign Minister*, he first tabled a draft European Act in November 1981. The original proposals heve since been extensively mauled and wotered down during months of negotiations by officials between the Ten. As e result, the final document, when it emerges, is more likely to be an encapsulation of the *Community's current* differences and lack of ambition than a ringing commitment to the future.

Tomorrow'a meeting of *foreign ministers* in *Bonn* is expected to confirm that more negotiations will be needed before the European Act can be adopted—possibly at the June heads of *government summit* In Stuttgart.

But aome progress has been mode recently at official level, and Herr Genscher will be anxious to stress this and the prospect of future agreement et the end of tomorrow's discussions. The main points of *difficulty ore:*

● Majority voting versus unanimity. All governments are prepared to tolerate more decisions by majority vote in the EEC Council of Ministers, but Britain, Greece and Denmark want a balancing declaration saying that any government's right to demand unanimity on en issue of vital national interest remains unchanged. The argument is whether this *reaffirmation* of *the* "Luxembourg compromise" should be included in the Act or recorded elsewhere.

● Co-operation with the European Parliament. Denmark is still unheppy about supporting a modest proposed extension of the Parliament's role by allowing it to ratify external agreements and to hold "confidence" debates with the council'a participation.

● *Political co-operation. Having* already extended this to include the political aspects of security matters, the Ten heve been discussing whether or not they should declare *their readiness* to discuss the economic aspects of security. This is not intended to take the Community into regular discussion of defence spending, but *would* instead deol with security of raw materials and other strategic supplies.

● Legal co-operation. France' is *pushing* for a commitment to greater co-operation in criminal and procedural law which is opposed by, among others, the UK end the Netherlands.

# Government seeks to quell Greek coup fears

By Victor Walker in Athens

THE GREEK Government yesterday issued a second denial in less than 12 hours of reports sweeping the country about "suspicious movements" *among units of* the armed forces in northern Greece.

*The governing* Panhellic Socialist Movement (Pasok) and the Communist Party of Greece (KKE) alerted members to be prepared to resist *any attempt to overthrow the* country's democracy.

In Salonica, several hundred *students* and workers held a midnight demonstration on Sunday with slogans against Fascism.

The reports coincided with *weekend preparedness* exercises held by the armed forces and security corps in the Athens area.

The exercises, of a kind carried out at *irregular intervals* and at short notice, involved the recall of officers to their units and the reinforcement of guards at the presidential palace, the residence of Prime Minister Andeas Papandreou, the head*quarters of the Hellenic* telecommunications organisation and the two radio and television stations.

Mr Dimitrios Maroudas, the *government spokesman, in*sisted that the armed forces' exercises were routine. There was no cause at all for anxiety, he said.

Usually well-informed sources said information had been received about "something planned" by a number of officers expecting to be placed *in retirement during* the impending annual review of the armed forces' officer corps.

Several thefts have been *reported from armed forces'* munitions stores in recent weeks.

James Buchan follows Franz Josef Strauss in the south of his home state

# Bavarian Cincinnatus awaits the call

IT WOULD require o sculptor of High Victorian self-confidence *to* portray in stone the 1983 West German election.

Were o monumentol group commissioned, perhaps to stand by Konrod Adenauer's disembodied head on the *pavement* before the Bonn Chancellery, it would no doubt be dominated by *two gigantic female figures*, representing Russia and America respectively, flailing each other with intermediate-renge olive branches.

Around their *swirling* skirts, companies are going bankrupt, men and women are losing their jobs, *forests* die in e drizzle of acid rain. A little to one aide, politicians absently stab one onother, while from Chancellor Helmut Kohl's tight frock *coat* a *bedraggled dove*, marked "spirit of economic growth," is attempting to take wing. Further off sits a hunched figure, clutching a beer mug and lost in thought. It is Herr Franz Josef Strauss, Prime Minister of Bavaria, awaiting the republic's call.

Franz Josef Strauss . . . will he press for a last chance at *high office in Bonn?*

Herr Strauss is 67, half e generation older than Herr Kohl, whom he used to call incompetent, and 10 years older than Herr *Hans Jochen* Vogel, the Social Democrat candidate for Chancellor that he likes to *term* a "mediocre petit-bourgeois." He is the only *survivor of the founding* Bundestag of 1949 and is contesting a federal election in his constituency among the lakes south of Munich for an unequalled tenth time.

In an interview whila touring the area on Saturday, he said that his Bavarian Christian Social Union (CSU) would contribute et least 11 per cent on March 6 towards a majority for Chancellor Kohl's Christian Democrat, CSU *and Free Demo*crat (FDP) coalition. This will certainly be higher than the *FDP, which is fighting* for the 5 per cent necessary for parliamentary survival.

The queation being asked, obove all in the north where *Herr Strauss's gamy* language and right-wing politics are distasteful, is whether he will press for what may be bia last chance at high office in Bonn and *seek to supplant Herr Hans* Dietrich Genscher of the FDP, as Vice-Chancellor and Foreign Minisler in a Kohl government —especially as Herr Genscher may not even be returned.

"Munich is my priority," Herr Strauss said on Saturday. "*I would not exclude* (going to Bonn) but I would not do it as fulfilment of my personal desires." What if the CSU asked him to go as a federal *minister?* "*I am* a *loyal soldier* of my party." Whot office would he like best? "Ambassador of Bavaria to Bonn." He leughed deep within his immenae frame es only a politician with a 60 per cent majority and no national responsibility can.

"*I have no ambition* for high office," Herr Strauss writes in *his* letter *to his constituents.* Yet he stood as an unsuccessful Chancellor candidate for the *union parties in the 1980* federal elections. He was a Bonn minister as long ago as the 1950s and waa, in his own words, "the last Finance Minister of the century not to borrow e pfennig" until 1969, when the FDP teamed up with the Social Democrats (*SPD*) to govern for 13 years and rusticated him to Bavaria.

The reason for Herr Strauss's ambivalence lies within the free atate of Bavaria. *Many* Bavarians do not want their successful and popolar *Londesvoter* to go to Bonn. This year, Herr Strauss is campaigning almost exclusively in his home *state. His heavy face, sunk in* the folds of his greatcoat, is so well known that the election posters do not even carry his name.

There was o curious obedience about Saturday'a rallies. At Schongau, where be *began* his *political career after* the war as a town official trusted by the Americana, in Murnau and at Weilheim near the Starnbergersee, the meetings followed the same pattern.

The audience applauded vigorously et the beginning and at the *end* but *listened* in respectful ailence to Herr Strauss speak—for nearly two hours In Schongan. The halls were well heated and the beer strong and some *dozed off*, waking with a start to the mention of the SPD or Herr Vogel which indicated a joke was in the offing.

Unlike Herr Kohl, who sometimes patronises an eudience, *Herr Strauss makes his* listeners work. On Saturday, be did not shirk quite complex equations in discussing state indebtedness, and his jokes, which were either *spontaneous or at least refined* in the course of the day, were not an ottempt (as with Herr Vogel) to display a dubious bonhomie, but expressed his genuine contempt *for* his opponents.

Most surprising, in discussing the Soviet Union, Herr Strauss did not appeal to passion or *prejudice.* Nato re-armament was necessary because it was quite unrealistic to expect the Soviet Union to dismantle their intermediate-range arsanal totally (the "zero *option*"). But when has Moscow ever taken a risk in foreign policy? Pershing-2 missilea create the necessary *risk.*

Clearly, Herr Stranss was behaving *himself.* Herr Kohl received et best only two references per speech—and these neutral. Herr Genscher and the FDP escaped equally lightly with only an elaborate warning against voting for them. "I em not for the *ennihilation of the FDP*," Herr Strauss said.

*Yet* amid all this was an oppeal. Running through his speeches on Saturday was the reminder that when he waa Bonn Finance Minister, the *federal finances* were *in order* and it was interesting to note that his Bavaria had lower unemployment and better growth than West Germany as a whole.

As a man who prides himself on his Latin, Herr Strauss certainly knows the story of Cincinnatus who left his farm outside Rome at the urgent appeal of its citizens to save the republic. Having done so, he returned to the country which may, to Herr Strauss, have *looked* a *little like the fields* and woods round Weilheim.

WEST GERMAN ELECTIONS

March 6

# Strong resistance to EEC seal pelt ban

BY LARRY KLINGER IN BRUSSELS

EFFORTS by Bonn to obtain a permanent EEC ben on baby seal pelt Imports before next Sunday's general election in West Germany ran into strong opposition yesterday.

The Ten's Environment Ministers were last night studying compromise proposals instead, which, if adopted, would considerably strengthen their December resolution that they would take "all necessary and possible measures within the limits of their national competence."

West Germany last night was still hoping that al least the ministers could agree oo a form of words which would plece a firm "obligation" on member-stetes to act, even if the meens of achieving this aim were left to individual governments.

West Germany also said thel, if no acceptable agreement was found by the Council of Ministers, it would act unilaterally to *impose a national* ban at today's cabinet meeting in Bonn.

West Germany's firm *stance* is a cleer indication of the growing strength of the environment lobby, which has sent 500,000 letters to the European Commission and Parliament to protest against the annual slaughter of baby seals in Canada and Norway and yesterday mounted a 100-strong demonstration outside the Council meeting.

Around 200,000 of these letters were sent to the Commission's office in Bonn, which, according to poll estimates, could mean that up to a million voters might be sweyed by the issue.

Opposition to a full ban enshrined in EEC law was led by Britain and France, which ergued against extending binding European Community legislation to *moral matters beyond* existing economic and commercial issues.

The two countries elso maintained thet the voluntary bans *already* in place *in the majority* of member-states, incinding the UK, are already effective.

# Netherlands challenge on Hyster

By Walter Ellis in Amsterdam

THE DUTCH Economics Minister, Mr Gijs van Aardenne, has asked the European Commission to rule on the *UK's subsidy of £12m* to Hyster, the U.S. forklift truck manufacturer.

The subsidy, which Mr van Aardenne called "deplorable", was *designed to boost* Hyster's production in Scotland, where the company intends to concentrate its European forklift truck activities.

Hyster announced its intention last month and the workforce at Irvine, Ayrshire, has agreed to take a *10 per cent wage cut.* The company has drawn np an investment plan for the Scottish plant valued at £40m, and the British Government offer of a *substantial subsidy* is understood to have clinched the deal.

In the Netherlands, however, 235 of the 570 jobs ot Hyster's Nijmegen factory are to go before the end of the year, and there are to be further cuts in Belgium.

The Dutch Economics Ministry said yesterday that an alternative investment plan put forward by Hyster to the Dutch anthorities was worth a mere fraction of that submitted in Britain—in fact, the amount is understood to have been only £2.2m.

*The potential Dutch* subsidy, although proportionately as great as Britain's, could not, accordingly, have matched the Irvine offer.

● *The* Dutch Central Bank has again cut interest rates. Only six weeks after the previous reduction, the discount rate is down from 4½ per cent to 4 per cent, the advance rate (equivalent to the West German Lombard *rate*) *from 5 per cent to 4½* per cent and the promissory note rate (on which commercial banks base their client transactions) from 5½ per cent to 5 per cent.

# Brussels talks on Turkey

BY OUR BRUSSELS CORRESPONDENT

A MEETING of the EEC-Turkey Association Council is to be held in Brussels on March 11 to try to settle trade disputes which have been sherpened by the Community's refusal to give full approval to moves to restore democracy in Turkey.

The Ten have asked for the Council meeting — which will involve ambassadors for the two sides — to explore the possibilities of resolving the "tit-for-tat" rows over textiles and steel.

After the EEC had invoked safeguard measures to restrict Turkish textile imports last autumn, Ankara introduced a 15 per cent levy in December on a range of Community iron and steel exports.

France then *provoked* an EEC response by blocking the implementation of en agreement regulating the EEC's imports this year of Turkiah cotton yarn.

*These commercial fisticuffs* have been exchanged in an extremely chilly political atmosphere. Some EEC member governments have not been im*pressed* by the *new* Turkish constitution — despite its overwhelming acceptance in last year's referendum — while all have been concerned by the trials and imprisonment of leading politicians and trade union leaders.

Aa a *result* the Fourth Financial Protocol which would hava channelled £372m of oid to Turkey over five years from last November has still not been *implemented by the Community.*

# January figures cast pall over French franc

BY OUR PARIS CORRESPONDENT

FRANCE'S UNEXPECTEDLY poor trade and inflation figures in January began to cast their shadow over the foreign exchange markets yesterday and over the municipal election campaign now in its last week.

Renewed tension around the franc was reflected in the rise in *Eurofranc rates* indicating that the markets have brought forward their estimates of the timing of a devaluetion. The one-month and three-month Eurofranc rates both gained a couple of percentage points to reach 21½-23 per cent and 23-25 per cent respectively.

Dealers, however, detected no *sign of intervention* by the Bank of France yesterday in support of the franc which remained at its pivot point in the EMS of FFr 2.85 to the D-mark. This *stability largely reflected the* unwinding of positions after the weekend.

The market expects a build-up of pressure before next weekend—when the *municipal* polls coincide with *the* West German general election—and an intensification in the week after if Chencellor Helmut Kohl returns to *power.*

**Pre-tax profits for the French Chemical industry as a whole were halved to obout FFr 1.7bn (£162m) last year from FFr 3.5bn (£333m) in 1981, according to M Jean-Claude Achille, the president of the Union of Chemical Industries. He blamed the fall on higher debt servicing costs, the recession in Europe and the effect of France's four-month price freeze *which ended in October, Reuter reports from Paris.***

**He predicted that the industry would grow by less than 1 per cent this year, with manufacturing capacity for many basic chemical products far exceeding demand.**

The French Bourse also bad a bad day. The index lost 1.5 points of the 3.5 it gained last week.

The trade and inflation figures were announced after the close of the markets on Friday and showed *that* prices rose by 0.9 per cent in January while the trade deficit expanded by FFr 9.6bn (£914m). This represents in one month alone, *almost a quarter of the* FFr. 45bn (£4.3bn) deficit the Government is aiming at for this year.

M Pierre Mauroy, the Prime *Minister* conceded in a *broadcast* on Sunday night that there could be a shift in the Government's economic policy after the elections with a view *to reducing the trade deficit* and inflation rate. He ruled oul a devaluation, however.

*After* his confident performance on television the week before in which he said that "all the big problems are behind us . . . ell the (economic) indicators are quietly turning green," the Prime Minister was ill et ease before hostile questioning in explaining what had gone wrong. Most com*mentators see the more* depressing economic figures and M Mauroy's defensive stance as damaging the Government in the first round of the municipal *polls on Sunday.*

Among the policy options under consideration are cuts in welfare payments, higher social security charges, in*creased public sector tariffs* or an increase in value added tax. On the left of the Socialist party there is also *strong* pressure for further direct curbs on imports as a preferable alternative to reducing consumer purchasing power.

President Francois *Mitter*rand, commenting on the widening trade deficit over the weekend, blamed the leck of competitiveness of certain *sectors of industry in terms of* price and quality.

The expectation of mounting pressure on the franc follows e week in which the strain on the French currency had eased in the foreign exchange markets. But figures released by the *Bank of France* on Friday tend to confirm that there was heavy intervention In defence of the franc in the two preceding weeks up to *February 10.*

Dealers' estimates of FFr 8bn of intervention during the forntnight, when the D-Mark rose in line with *expectations of Herr Kohl's victory, tally* with a drop of the same amount in the foreign exchange reserves—though the figures have become increasingly diffi*cult to decipher.*

# Slowdown in Swiss chemicals

By John Wicks in Zurich

EXPORTS of the Swiss chemical industry rose 2.3 per cent last year to a new record of SwFr 10.88bn ($5.33bn). *This nominal growth rate* was, however, well below that of *12.4 per cent reported for 1981.* After adjustment for price increases, export value for 1982 was actually down by 4.2 per cent.

At the same time, chemical im*ports into Switzerland rose* in nominal terms by only 1.4 per cent to SwFr 6.6bn. This means that the foreign-trade surplus of the chemical industry sector increased by 3.7 per cent to SwFr 4.28bn. This compares with an overall Swiss trade deficit for 1982 of SwFr 5.4bn.

The Swiss Society of Chemical Industries, which attributes the sluggish development of foreign trade to the recession, reports that there was an actual decline in export value last year for the two major product groups – with pharmaceutical sales abroad dropping 1.7 *per cent to SwFr 4.23bn and those* of dyestuffs by 0.7 per cent to SwFr 1.34bn.

All other categories showed an increase over 1981 figures, however. The most marked were those of 18.9 per cent to SwFr 206.5m for cosmet*ics and toiletries* and 10.9 *per cent* to SwFr 2.22bn for organic products.

Elsewhere, exports of agro-chemicals rose 6.5 per cent to SwFr 635.4m, those of unprocessed plastics by 3.4 per cent to SwFr 532.8m *and exports of essential oils, fla*vours and fragrances by a modest 0.2 per cent to SwFr 543.3m.

In the import sector, purchases by Switzerland of organic products went up 0.5 per cent to SwFr 2.03bn and those of pharmaceuticals by the *same percentage to* SwFr 1.07bn.

Other increases over 1981 were those for essential oils, flavours and fragrances (by 6.2 per cent to SwFr 247.5m) and cosmetics and toiletries (by 7.8 per cent to SwFr 210.2m).

Other European countries remained Switzerland's major markets and sources for chemicals.

# Forged letter mystery aids Polish writers

BY CHRISTOPHER BOBINSKI IN WARSAW

THE EXPOSURE of a forged letter has given Poland's suspended Writers Union another lease of life and improved its chances of emerging from martial law more or less unscathed.

The 1,800-strong union whose leadership was elected in 1980 during the Solidarity period, the union is under threat of dissolution.

However, at a meeting last Friday of the 150 or so Communist party members in the Writers Union, Mr Waldemar Swirgon, o newly-appointed party secretary, read out a *defiant letter* purportedly sent by Mr Jan Jozef Szczepanski, the union chairman to the head of Poland's Council of State.

Mr Szczepanski allegedly accused certain party members of trying to force him to resign and said that they were not "worthy of being members of the union."

The meeting demanded that the letter be printed in the party Press et the weekend and that Mr Szczepanski be brought to account. *But* telephone calls to Mr Szczepanski, a quiet and reasonable but determined man, revealed it was a forgery.

Hurried directives from senior party officials stopped the letter being printed in Saturday's paper and the account of the meeting makes no mention of banning the union. Furthermore, e report on the meeting broadcast on TV on Saturday gave time to both moderate and hardline speakers, leaving open the issue of the union'a future.

● Western *governments* this week are renewing efforts to set up an on-the-spot UN investigation into human rights in Poland, out of dissatisfaction that e UN report, published yesterday, lecked any first-hand information from the country.

The report by Sr Hugo Gobbi, a UN under-secretary, drew attention to the errest and detention of more than 10.000 people during martial law, cited reports of ill-treatment, and noled the suppression of the Solidarity union.

The Polish Government refused, however, to allow Sr Gobbi to go to Poland. Lacking first-hand *information*, he confined his judgments to whether Poland had breached its international commitments on human rights. He said the Jaruzelski *government* had taken "a number of positive steps" with last December's suspension of martial law, but "further measures of normalisation" were desirable.

A resolution tabled by West Germany, Italy, the Netherlands and Ireland, is to be debated this week In the UN Human Rights Commission in Geneva. It calls for o renewal of Sr Gobbi's mandate so that he can fulfil his fact-finding *mission in Poland* and present a second report next year. The move is sure to be resisted hotly by Communist countries.

The casting votes will be from Third World representatives, several of whom last year helped the West set up the Gobbi inquiry. They may be less enthusiastic now that martial law has been eased.

# Socialist-Communist rivalry shakes up somnolent, left-wing Nimes

BY DAVID HOUSEGO, RECENTLY IN NIMES

"THERE IS nobody more anti-Communist than a Socialist from Nimes," says a longtime observer of the local political scene.

Yet, when you first errive in this somnolent town of the *Midi*, where the legecy of tha wars of religion and of an historic defiance of Paris lies heavy, your initial impression is that the marriage of convenience that binds Socialists and Communists in government here displays a genuine warmth.

The walls of Nimes—with less than a week to go to the first round of the municipal elections —are splashed with posters that show two faces side by side: that of Emile Jourdan (68), mayor for 18 years, Communist *since his youth and whose re*assuring amile and pipe are now known to every citizen of the town; and Georgina Dufoix (40), a smiling energetic mother and a *militant* on the *social* democrat wing of the party *whose* intelligence and combativeness have won her a place in the government as a junior minister for family affairs.

However, Nimes is one of those *few* French towns—like Le Mans and Montlucon—where the cold dislike of Socialists and Communists *for* each other has unexepectedly erupted into the open. Behind their hostility lies the distrust of a pluralistic left-of-centre party for the authoritarian tradition of the most pro-Soviet Communist movement in Western Europe.

Nimes has voted *left almost* uninterruptedly since tha war, in part because France haa been dominated by right-wine governments. The Communists won the municipality 18 years ago because of divisions among *the* Socialista. It waa an important gain, not least because the Communist party derives a significant proportion of its funds through its *control of the* urban municipalities which provide a *promotion ladder for its officials.*

But, in line with national trends, the Communist share of the vote of *late* has been plummeting in Nimes, while that of the Socialists has increased steadily.

The Socialists are now the single largest party in the town

FRENCH MUNICIPAL ELECTIONS

and had been expecting to pluck the municipality from Communist control. Nimea was one of 11 towns where the Socialist party leodership insisted that the candidate for mayor ahould this time be a Socialist.

Mme Georgina Dufoix would have been "a more dangerous" opponent says M Jean *Bousquet, owner and president* of the Cacharel clothing company who is the opposition's candidate oa mayor. The Socialists undoubtedly expected to canter home to victory.

But then as o result of a pact negotiated late last year between M Pierre Mauroy, the Prime Minister, and the Communists at national level, Mme Dufoix was asked to step down and allow M Jourdan to go forward *as the Left's candidate for his* fourth term as mayor.

Mme Dufoix is blunt about the choice that faced her. "I am e member of the government," *she says.* "*The Prime Minister* changed his miod on the candidature and asked me to step down. Either I obeyed or I quit. I chose to remain in the government and obey. I am now pledged to aid Emile Jourdan to the full."

But the result has been a sharp decline in Socialist party morale with a number of militants withdrawing from the campoign. "Some tore up their party cards rather than be gobbled up by the Communists," says M Joseph Alcon, deputy mayor for the past few years and who now leads a dissident Socialist list of *candidates.*

M Alcon, who has a following among the local elders of the Socialist party, presents his candidature as a challenge to the Communists. Mme Dufoix claims that it is the result of "personal bitterness" because he *was left off the joint* Communist-Socialist list of candidates for municipal councillors.

M Jourdan aod Mme Dufoix now campaign aide by side—as improbable a combinatioo aa Arthur Scargill of the mioers' union and Shirley Williams of the Social Democrats taking to the busting together In Britain —to demonstrate publicly that they are united and because M Jourdan is frightened that the Socialists might no longer vote for him.

*However*, Mme Dufoix ia unsentimental about her allies. How can the Socialists impose their views oo their allies in the municipal government? "It is a *test of strength*" she *says*, adding that what matters is to have the same number of councillors as the Communists "Unity (of the left) is a conflict," she says, quoting a well-known Communist slogan.

The Communists, apparently nervous of defections to the centre-left, have chosen as their candidates hardline party members oo whose loyalty they can count—the "Stalinists" of the party, as one Socialist describes them, who would not stand a chance in a popular vote on their own but who are likely to be elected on the back of the Socialist party.

At *Le Mans* and *Montlucon*, the Socialists who are now in the majority Have disobeyed orders from party headquarters in Paris and refused to have Communists on their list.

M Bousquet has made anti-communism a strong element of the opposition's campaign. He cloims that the management of the municipality under the Communists has been "catastrophic." More accurately, it has been—as is the case with many Communist-run municipalities in France—methodical, paternal but unimaginative.

Housing estates hava gone up with *little thought* of facilities for the young. The population has declined and few new jobs have been created, in part because right-wing national governments have put their funds elsewhere and partly because employers have shirked a Communist municipality.

M Bousquet might have toppled M Jourdan. But, as a *newcomer* to politics, he has not handled his campaign adroitly. Initially be left the tourist trade —an important source of income for the city—unrepresented on his list of candidates ond then has lost support by his obvious lack of mastery of local detail. He promises to inject new dynamism into the odministration, but he has only an outside chance of carrying the town for the centre-right.

Mme Dufoix believes that, aa a minister, she can bring more government support and more jobs to the town.

The Communists' main asset remains the standing of tha mayor oa a well-known and popular figure. His personal assistant, M Rene Brossard, a forceful, intelligent party officials, has no doubts he will win. He saves his venom for the dissident Socialist list which, he cloims, ia "playing into tha hands" of the Right.

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# India imposes £470m extra tax in budget

BY K. K. SHARMA IN NEW DELHI

INDIA'S Finance Minister, Mr Pranab Mukherjee, yesterday imposed additional taxation of Rs 7.15bn (£470m) in his annual budget for 1983-84. The budget is designed to strengthen production, promote essential investment and encourage savings, he told parliament.

Much of the heavy additional taxation has been levied on companies in the form of both direct and indirect levies but businessmen's fears that the budget would disproportionately increase the burden on them have not materialised.

The blow of increased taxation has been softened by incentives for investment and higher exports. In particular, to stimulate the flow of foreign exchange from Indians abroad, a scheme for a low 20 per cent income tax on their investments in India has been devised.

The Finance Minister left uncovered a huge deficit of Rs 15.6bn, higher than the record Rs 13.4bn budgetary gap of last year. He has obviously taken this risk because last year's gap did not lead to inflationary pressures.

Developmental expenditure has been raised by 22 per cent to Rs 255bn in a bid to achieve growth. In 1982-83 GNP grew by a nominal 2 per cent.

In particular, substantially higher investments are to be made to increase India's production of crude to 26m tonnes in 1983-84 compared with the 21-m tonnes expected in 1982-83.

Higher investments are also to be made to increase coal production and electricity generation

This should enable the country to cut its energy imports and thus effect savings in foreign exchange and redu the trade gap as required by the International Monetary Fund which has given a three-year $5.7bn loan to India.

The Minister said that the trade gap in 1982-83 would be lower than in the previous year

# Japanese motor sales boost January exports

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S motor exports rose above year-ago levels in January for the first time in 18 months, the Japan Automobile Manufacturers Association announced yesterday.

Exports of four-wheeled vehicles were up 4.1 per cent on a year ago at 471,890 units while passenger cars alone recorded a 7.2 per cent rise to 33,279 units.

Particularly bright were overseas sales of small cars—up 10.5 per cent on the previous year's levels.

Healthy sales of motor vehicles were cited by Finance Ministry officials as a major reason for a recovery in Japan's global exports, on a seasonally-adjusted basis, during January.

The seasonally adjusted figure for the month, at $12.49bn (£8.3bn) was up a startling 18.4 per cent on December, following six successive month-to-month declines.

# Israel plays down 'pact' on pull-out from Lebanon

BY DAVID LENNON IN TEL AVIV

ISRAEL is playing down Lebanese reports that agreement is near on the terms for an Israeli withdrawal from Lebanon. While there is general agreement on some issues, the sides are still far apart on the details, officials in Jerusalem noted yesterday.

Unconfirmed reports from Washington state that the Reagan Administration has now set Easter as a target date for the withdrawal. But there is no indication that Israel is yet willing to make any compromise over the vexed issue of future security arrangements in Southern Lebanon.

Mr Philip Habib, special U.S. envoy, who is trying to aid the negotiations, reported yesterday to Mr Yitzhak Shamir, the Israeli Foreign Minister, on his recent talks in Beirut.

Officials here said that the U.S. ambassador had not achieved any major progress in his talks with the Lebanese leaders. Despite the optimistic mood of Mr Shafik Wazzan, the Lebanese Prime Minister, in a recent interview, Jerusalem still sees little basis for talking about "new energy and vitality" in the negotiations.

Lebanon has agreed in principle to Israel's demand that a security zone of between 40 and 50 kilometres be established in Southern Lebanon, and is also prepared to open its border to the future movement of goods and people to and from Israel.

But Beirut, with the backing of Washington, is refusing to accept Israel's demand that, after the withdrawal of its occupation force, some Israeli troops will remain in Southern Lebanon to man five anti-guerrilla posts.

Mr Shamir told Mr Habib again yesterday that there has to be an Israeli presence in Southern Lebanon in some form or another for an agreed limited period after withdrawal

# Australian interest rates hit by poll jitters

By Michael Thompson-Noel in Sydney

PRE-ELECTION jitters are affecting interest rates in Australia, and were the partial cause yesterday of a capital outflow estimated at about A$200m (£126m), bringing the estimated outflow in the past four days to about A$500m.

Exaggerated reports of the size of the outflow—together with gloomy comments by Government Ministers—have become self-fulfilling, and have added to the disruption in the money and foreign exchange markets.

The initial panic was caused by broadly-based opinion poll evidence of an 8-10 per cent lead for the Australian Labor Party (ALP) over the ruling Liberal-National Party coalition in the run-up to this Saturday's general election.

Yesterday, there were wide-ranging rises in money market rates, with 90-day bank bill rates nearly 2 per cent higher, at 17.9 per cent, compared with 11.45 per cent on February 3, when the election was announced.

At the same time, the Australian dollar fell from U.S.$0.9658 to U.S.$0.9606.

Mr John Howard, the Federal Treasurer, sought to pin the blame for rising interest rates solely on the prospect of a Labor win on Saturday.

"It is already happening," he told a group of businessmen in Canberra. "The portents are already there. The market is already reacting, and indeed there can be no other explanation after a period of four to five months as to why those pressures should be developing."

Mr Paul Keating, Labor's economic spokesman, said, however, there was no evidence of capital flooding out of Australia. Reserve Bank figures published yesterday showed that in the week to last Wednesday there was a reduction of only A$34.4m in the country's holdings of gold and foreign exchange reserves.

# Gandhi urges non-aligned consensus

NEW DELHI—India's Prime Minister, Mrs Indira Gandhi, yesterday told her country's delegation to the non-aligned conference starting in Delhi today that its task was to work for consensus, skirting disruptive controversies.

Mrs Gandhi, who will chair the summit, said discussions should concentrate on broad issues such as disarmament.

The summit is likely to urge stopping nuclear weapons tests, a freeze on nuclear arsenals, and eventual adoption of a nuclear disarmament programme.

Reuter

# Thailand reconsiders energy programme

BY STEWART DALBY, RECENTLY IN BANGKOK

UNCERTAINTY over world oil prices and confusion about the extent of offshore gas reserves is causing Thailand to reconsider its ambitious $5bn (£3.3bn) energy based development programme.

Almost two years ago, the Thais drew up an integrated plan for its so called Eastern seaboard. It included:

- A gas separation plant;
- A fertiliser plant making urea and capable of production of 260,000 tons a year of nitrogen content and 190,000 tons a year of phosphorous content; and
- An upstream ethylene cracker or plant using ethane propane for ethylene and propylene which would provide feedstock for a downstream petrochemicals complex.

The cost of these and related projects has been put at $2.3bn by the Ministry of Finance in Bangkok.

Of this, the government expects to put up between $800 and $1.2bn, most of which would be raised abroad.

Dr Tongchat Hongladaromp, Governor of the Petroleum Authority of Thailand, estimated that the total cost of further exploration, production, transmission and use of Thailand's petroleum resources would exceed $5bn over the next five years.

This compares with Thailand's total foreign borrowings of $8bn. This excludes direct private foreign investment, but includes some private borrowing by corporations as well as by utilities.

> The state-run petroleum authority of Thailand, known as the PTT, recorded a net profit of Baht 978.82m (£28m) in the 1982 financial year, compared with a loss of almost the same amount in 1981, Jonathan Sharp reports from Bangkok.
>
> PTT officials said the improvement was due mainly to the lower cost of imported oil on which Thailand is still heavily dependent.

The overall aim of the programme is to reduce dependence on imported energy, and expand energy and energy related exports in an effort to reduce the country's foreign trade deficit.

In 1981, Thailand imported 76 per cent of its energy needs in the form of fuel oil. The bill amounted to 42 per cent of total imports in value terms.

The cost of imported energy fell in 1982, partly because the gas from the Erawan oil field in the Gulf came on stream and was pumped to Bangkok's power stations, but largely because of the drop in world oil prices.

If all had gone according to plan Thailand, by the mid-1980s would have reduced its dependence on imported energy from the 76 per cent level to around 40 per cent. Thailand has some lignite and one small onshore oil field, the Sirikit field. It is now producing 5,000 barrels of oil per day. This should soon rise to 10,000 b/d. Its major source of domestic energy, however, should be the gas reserves.

At the same time as reducing imports, the country could start exporting energy and energy-related products. There has been talk of fertiliser being exported. Thailand does not at present make its own fertiliser, but does have mixing plants.

In particular, Thailand planned to export liquefied natural gas (LNG) to Japan, which would have helped solve the balance of payments deficit. A figure of $1bn was mentioned as what could be earned in exports.

In 1982 Thailand had a trade deficit of $1.8bn. After invisibles were taken into account, most notably tourist earnings and remittances from workers abroad, the balance of payments deficit on current account dropped to £1.2bn.

Plans have gone awry, partly due to the fact that the fall in world oil prices has caused the Thais to examine whether in the short and medium term it would not be more economic to import energy rather than produce it themselves. Added to this is the concern that gas reserves in the Gulf possibly do not exist in the quantities originally thought.

Because of this uncertainty, Thailand has decided not to export its national resources. The idea of selling LNG abroad, including the Japanese export plan, has, therefore, been abandoned for the present. In any event the decline in oil prices makes the notion of exporting energy dubious as gas prices are related to oil prices. At present Thailand would notionally get $260 a ton for any LNG it produces. The problem is that it currently costs at least $350 to produce a ton of LNG.

There is only one producing field at present. This is Union Oil's Erawan field, although Texas Pacific has also found gas in the Gulf. Reserves for the Erawan Field are put at 1.58 trillion cubic feet. Known reserves in the Gulf are put at 6 trillion cubic feet. Probable reserves are put at 16 trillion and possible reserves are 25 trillion.

A gas pipeline stretching 425 kilometres in the sea and 170 kilometres (106 miles) onshore to Bangkok's power stations, has been built at a cost of $500m.

Gas should be now coming through the pipeline at 250m cubic feet a day, but Union Oil is only producing 110m a day. Thailand's total energy needs are 300,000 b/d of oil or oil equivalent. The gas flow translates into just 7 per cent of energy needs.

The confusion over reserves and prices has placed question marks over a number of the energy related projects.

An official at the Ministry of Finance admitted that it is unlikely that the fertiliser plant will be on the scale originally envisaged. The soda ash plant could also be a casualty. Construction of the gas separator plant has already begun and this will certainly be completed. However, the downstream petrochemical complex will probably have to wait a few years before being given the go-ahead. Other projects will be delayed and some scaled down.

The Thais are not concerned about this, however. Rather they are pleased that they have not overextended themselves in the energy field at a time when revenues are dropping.

# Singapore GDP growth slows

BY KATHRYN DAVIES IN SINGAPORE

A PESSIMISTIC assessment of Singapore's economic prospects for 1983 has been published by the Government in its annual pre-budget economic survey. The Ministry of Trade and Industry notes that the world recession finally caught up with Singapore last year, slowing GDP growth to 6.3 per cent from 9.9 per cent in 1981.

Hardest hit was the manufacturing sector where output fell by 6 per cent, the first decline since the previous recession in 1975 following the oil crisis.

In 1982, all major industries, except construction, experienced declining orders with "no significant turnround in sight."

Singapore remained an attractive location for foreign investors, the Ministry goes on. They committed a total of S$9.4bn (£2.9bn) in gross fixed manufacturing assets as at June 1982—an 18 per cent increase over the previous year. However, the Ministry says it is becoming increasingly difficult to attract foreign investment.

Capital inflows increased Singapore's balance of payments surplus from $1.9bn in 1981 to $2.5bn in 1982.

# President Diouf set to win Senegal election

BY OUR SENEGAL CORRESPONDENT

BOTH President Abdou Diouf and the ruling Parti Socialiste look set to win massive victories in Senegal's presidential and legislative elections.

Early results showed President Diouf had won about 85 per cent of the votes cast and his Parti Socialiste only slightly less.

The nearest challenge came from Mr Abdoulaye Wade, 56, a lawyer, and his Parti Democratique Socialiste who polled about 13 per cent each, slightly less than in the last national elections in 1978.

Despite a wide choice of presidential candidates and political parties, only 56 per cent of Senegal's potential 2m voters actually voted.

# AMERICAN NEWS

## Brazil attempts to delay payments on bridging loans

BY ANDREW WHITLEY IN BRASILIA

THE International Monetary Fund's expected approval yesterday of loans to Brazil totalling $5.4bn (£3.5bn) over the next three years clears the way for the disbursement next week by the country's commercial creditors of the first part of a $4.4bn jumbo loan signed last Friday.

But even with these major hurdles behind it, Brazil's liquidity problems in its external payments will continue for several more months.

Renewed efforts are, therefore, being made to delay repayments now falling due on emergency loans extended over the past five months by foreign banks and governments.

Over the weekend, Sr Carlos Langoni, Brazil's central bank governor, said the U.S. Treasury had agreed to lend Brazil a further $400m, bringing the total conceded by the U.S. to $1.93bn since last November.

The latest loan is to cover the country over the next week until it receives $1.4bn out of the jumbo loan, according to the central bank. Last week, the U.S. Treasury denied it had agreed to provide further assistance to Brazil.

Sr Langoni said all the efforts of Brazil's economic team were currently being directed at creating greater liquidity and rebuilding the depleted foreign reserves.

Brazil is also seeking immediate relief from debt repayment on two other fronts—the $2.3bn "bridge loans" provided in the last quarter of 1982 by leading U.S., European and Japanese banks, and the $1.45bn provided by the Bank for International Settlements.

According to Sr Langoni, Brazil has had a "positive response" to its request, made in New York last week, to delay repayment on half the total bridge loans. These were originally granted for 90 days but most have already been rolled over at least once.

One U.S. banker involved commented recently that his bank considered their bridge loan to be an "evergreen" one, with no early hope for repayment.

Brazil is also still pressing the BIS for a 90-day delay on the $400m repayment due to have been made to the central banks of 12 leading industrial countries today. So far the BIS has agreed only to a 15-day delay.

With the country going through what some Brazilian commentators have called its worst economic crisis since the 1930s, President Joao Figueiredo was due to make a rare nationwide address on radio and television last night to defend the Government's actions.

The Government has come under increasing criticism from the press and opposition politicians for its handling of the economic crisis. It has also faced the embarrassment of a series of political scandals linked directly or indirectly to the military-run National Intelligence Service, the SNI.

The new Federal Congress opens today, for what is expected to be a stormy session. For the first time since the military coup of 1964, the combined opposition parties have a majority in the Chamber of Deputies, the lower house.

## Moscow's missiles 'lack accuracy for first strike'

WASHINGTON — U.S. Monitoring of Soviet missile tests has shown that Moscow's nuclear arsenal is not nearly accurate or reliable enough to destroy U.S. missile silos in a first strike, U.S. intelligence officials said yesterday.

Contradicting the Reagan Administration's case for building costly MX missiles, the officials said the monitoring showed that, in the foreseeable future, Soviet missiles would not be able to wipe out the existing U.S. minuteman force.

An official who has access to and has evaluated the top-secret test data said: "Their accuracy is not even within the ballpark (normally capable) of being able to launch a first strike against our minuteman missile silos, not even with their large, powerful warheads."

One of the top private weapons experts, Mr Koste Tsipis of the Massachusetts Institute of Technology, said he was about to issue a study which also concludes that the Pentagon has generally exaggerated Soviet missile accuracy.

President Reagan and the Pentagon have warned repeatedly of a "window of vulnerability" that would allow the Kremlin to launch a first strike with highly accurate intercontinental ballistic missiles, destroying U.S. ICBMS in their silos.

Mr Reagan says the controversial $40bn MX is needed to match Soviet ICBM accuracy, but for two years he has been unable to find a way of deploying the missiles to protect them from a first strike which is acceptable to Congress and to the military.

An official familiar with the Soviet test data said it cast doubt on the first-strike threat and the need for the MX.

He said the data on all tests since 1978 of SS-18 and SS-19 missiles, the most advanced Soviet ICBMS, had been gathered by U.S. satellites and ground stations.

**Hugh O'Shaughnessy** looks at the problems and pitfalls awaiting the Pontiff when he visits Central America

## America's political minefield sets stern test for Pope

*POPE JOHN PAUL II*, who tomorrow starts the first visit by any reigning pontiff to Central America, faces challenges on his trip which will certainly be politically and doctrinally explosive. They may also be literally explosive.

Three U.S. archbishops, including Mgr James Hickey of Washington DC, who recently visited the isthmus, are reported to be fearful for the Pope's life when he visits El Salvador. The government of President Alvaro Magaña has twice rejected a call from Mgr Arturo Rivera y Damas, the apostolic administrator or acting archbishop of San Salvador, for a truce in the civil war during the Pope's stay. No one forgets that last year's elections, held without the participation of the left, greatly strengthened the position of right-wing extremists who plotted the shooting of Mgr Rivera's predecessor, Archbishop Oscar Romero.

The extremists having murdered an archbishop of San Salvador might not, it is argued by some, stop at killing a bishop of Rome. Whether or not the Pope's life is in danger in San Salvador, his political acumen will face its most searching test when he visits the embattled republic on Sunday where he will doubtless press for talks to end the civil war.

Many of the catholic clergy are deeply hostile to the Magaña government and sympathise with the aspirations, though not always the methods, of the guerrillas who have clearly fought the Salvadorean army, despite all its U.S. weaponry and training, to a standstill.

Some Salvadorean bishops side with Magaña while Mgr Rivera, who has been running the archdiocese since the murder of Mgr Romero in March 1980, has been placed by the Vatican in an uncomfortable position. He has not been formally nominated archbishop, reportedly as a result of pressure by the Salvadorean right and by the U.S. Administration, and his calls for both sides to abjure violence have therefore been muffled.

The decision to keep the Salvadorean church without an acknowledged leader for three years contrasts with the Vatican's speed in naming Archbishop Glemp head of the church in Poland on the death of Cardinal Wyszinski last year. It also underlines the pressures and dilemmas Rome faces in the midst of a horrific war in which sincere catholics are fighting on both sides.

Nor is that the only major dilemma. General Efrain Rios Montt, the right wing general who seized power in Guatemala last March, has broken his ties with the Catholic Church, and is now a member of one of the small, U.S.-based sects who regard the Pope as virtually Anti-Christ. So virulent is the feeling against Catholicism in government circles in Guatemala City that General Rios Montt's own brother Mario, Bishop of Escuintla, has had to flee the country to Costa Rica in fear of his life.

face the Pope in Guatemala. The head of the church there, Cardinal Mario Casariego of Guatemala City, an extreme conservative, is estranged from the bulk of the bishops, clergy and many of the faithful amid a civil war between right and left which is less well known but equal to the Salvadorean conflict in its ferocity.

The Pope will have to face another challenge from right wing nationalist extremists in Guatemala because of his decision to visit Belize, claimed by the regime as a part of Guatemala. It would have been unthinkable for the Pope not to have visited the former British colony and its devoutly Catholic Prime Minister George Price during his Central American tour but it will complicate his relations with General Rios Montt.

In revolutionary Nicaragua, the Pope will not experience Guatemalan-type hostility from the government but relations with the Sandinista authorities in Managua will not be without their tensions.

The Church again is divided between those who support the left wing measures of the Sandinistas and those who oppose them. Four priests have high positions in the government, including Father Miguel d'Escoto, a priest from the Maryknoll order which is based in upstate New York, who is Foreign Minister. This is apparently in direct contravention of the new code of Vatican canon law which the Pope promulgated a few weeks ago and which rules that no priest must take an active part in politics. Father d'Escoto may conveniently find a more pressing engagement presenting his country's case to the Non-Aligned Movement's conference in New Delhi when the Pope is in Managua, but some are forecasting that the Papal visit to Nicaragua may even yet be called off.

Yet further pitfalls await him during his visit to Haiti. The Pope will land in Port-au-Prince next Wednesday to inaugurate the Latin American bishops conference, an event of major importance for the church in the region. How will he manage that without appearing to bless the pariah regime of President for Life Jean-Claude Duvalier (Baby Doc), son of the late President for Life François Duvalier (Papa Doc)?

The Haitian church itself is moreover in a parlous state. Voodoo, rather than catholicism, is the national religion. It is deep rooted, not least because the conservative Vatican of the last century took decades to recognise the revolutionary black republic which ended French rule in the island in 1804, and placed Haiti under interdict until 1860, decreeing that mass and the catholic sacraments could not be celebrated in the black Haitian republic.

The present head of the Haitian catholic church, Archbishop François-Wolf Ligondé of Port-au-Prince, has the unfortunate reputation of being Baby Doc's man. He appeared to have no qualms about officiating at the President for Life's marriage a few years ago to Mlle Michèle Bennett, a ceremony whose luxury was denounced as a scandal in the poorest country in the Western Hemisphere. There are few native Haitian clergy in a church which is kept alive by foreign missionaries from Canada, France and elsewhere.

The other stages in the Pope's visit, his arrival from Rome in democratic Costa Rica tomorrow, his continuation to Panama and his stop-over in Honduras are by contrast much easier tasks, though not without their posers. The visit as a whole, however, will tax the Pope no less—and probably even more—than his impending visit to his communist-controlled homeland

### Controversy grows over Salvador policy

CONTROVERSY is again mounting over the Reagan Administration's policy on El Salvador, and the Administration's Congressional tactics, following last week's disclosure that the embattled U.S.-backed Government urgently needs fresh military aid, writes Reginald Dale, U.S. Editor in Washington.

*One report said that Salvador Government forces fighting left-wing insurgents could run out of ammunition in as little as 30 days.*

President Ronald Reagan yesterday called Congressional leaders to the White House to put the case for immediate aid.

Mr Caspar Weinberger, the Defence Secretary, has said that the Salvador Government needs $60m (£40m) to buy military supplies "as a matter of survival," and suggested that a few more U.S. military advisers may be necessary.

The problem facing the Administration is how to supply the funds without generating increased opposition. Mr Weinberger seemed to suggest that the money should come from a special $75m fund for "unforeseen emergencies" that would not require Congressional approval.

After opponents of the Administration's policy objected, officials said other possibilities were under consideration.

These included reallocating funds from other programmes, which would require approval at committee level, or a special supplementary appropriation, which would need full Congressional endorsement.

Congress is growing increasingly restive about continuing U.S. economic and military support for the Salvador Government, which seems unable to defeat the rebels

There is mounting pressure for conditions to be placed on U.S. aid—probably requiring the Government to move towards negotiations.

But Congress will not be able to attach unwelcome conditions if the Administration finds a way of supplying the funds that does not need Congressional approval.

## Row over grant rocks Canadian Cabinet

BY JIM RUSK IN OTTAWA

THE Liberal Government of Canada's Prime Minister Mr Pierre Trudeau, which trails badly in public opinion polls, now finds its strongest Cabinet Minister threatened by a row which has dominated the Canadian House of Commons for the last two weeks.

Mr Marc Lalonde, the Finance Minister, who is widely regarded as the most capable of Mr Trudeau's Cabinet colleagues, has been under intense opposition pressure to resign over the appearance of a conflict of interest in a 1981 grant to a consortium headed by Mr Alastair Gillespie, the former Energy Minister.

Mr Marc Lalonde

Last week the Government was able to defeat an opposition motion calling for an investigation into the affair. But the opposition will this week continue to press Mr Trudeau for Lalonde's resignation as it has done every day since press reports first raised questions about the C$1m (£53,000) grant to the consortium which is studying the possibility of making synthetic fuel from Nova Scotia coal.

The issue in question is whether Mr Lalonde violated guidelines for the behaviour of ministers and former ministers which Mr Trudeau has issued to his cabinet.

Former ministers are not to engage in lobbying their old departments on behalf of themselves or for a corporation for a period of two years after they leave the ministry.

Ministers are also enjoined in their dealings with former colleagues not to provide grounds, or the appearance of grounds, for conflict-of-interest charges.

Mr Gillespie, defeated in the general election of 1979, was Canada's Energy Minister until June of that year.

Late in 1980, he put together a consortium involving five companies, including two federal corporations, to explore whether Nova Scotia coal could be used to make synthetic fuel.

He approached the Energy Department, then headed by Mr Lalonde, to ask for a research grant and had negotiations with the permanent under secretary, who had also been his under secretary when he was minister.

The project was approved in principle by the Government and announced by Mr Allan MacEachen, the deputy Prime Minister, well before two years had elapsed since Mr Gillespie's defeat.

When the opposition brought the issue to the Commons after press reports had raised questions about Mr Gillespie's role, the Government's defence was that Mr Lalonde did not learn of the project until some months after the two years were up. However, Mr Trudeau subsequently admitted that Mr Lalonde had been told of the project well within the two-year period.

The Government was also forced to release documents showing that Mr Lalonde's initial submission to cabinet asking for the research funds had had to be withdrawn because Treasury officials questioned whether Mr Gillespie may suffer a conflict of interest.

The documents also show that Mr Lalonde had personally to approve a bending of the rules to allow the project to qualify for the grant.

If Mr Lalonde is forced to resign it will be a major blow to Mr Trudeau's increasingly unpopular Government. He is thought to be its most competent minister and, with his first budget scheduled for presentation in four to six weeks, his resignation now would throw the Government into disarray.

Reuter adds: Real Canadian gross national product fell at an annual rate of 4.4 per cent in the fourth quarter, after declining the same amount in the third quarter, Statistics Canada said yesterday.

Although the fourth quarter decline was no smaller than in the preceding two quarters, there are signs that the 18-month-old recession is almost over, the agency said.

In 1982, GNP fell a real 4.8 per cent after growing 3.1 per cent in 1981 and was 7.5 per cent below its peak in the second quarter of that year.

## Supreme Court approves AT&T divestiture

WASHINGTON—The Supreme Court yesterday upheld the separation of American Telephone and Telegraph from its 22 local telephone companies around the U.S., in what is the largest corporate divestiture in history.

In a 6-3 ruling, the court affirmed an agreement by AT & T and the Justice Department to end government antitrust charges against the corporate giant.

The settlement, which calls for AT & T to spin off 22 local operating companies, was approved by U.S. district court judge Harold Greene in Washington last August.

The parent company will be permitted to retain its lucrative long-distance business and its manufacturing and research divisions.

No written ruling was issued with yesterday's affirmative opinion, but Chief Justice Warren Burger and Justices William Rehnquist and Byron White issued a brief dissent.

In approving the divestiture, the court rejected challenges by a group of states which charged that Judge Greene's order usurped the power of state utility commissions to regulate the telephone companies in their states.

The appeal by 11 states argued that business activity which is regulated by states is exempt from federal anti-trust law.

It said further that the settlement requires AT & T to estimate the value and to transfer ownership of plant and equipment without prior approval of the states in violation of state laws.

AT and T wants the divestiture to go into effect on January 1, 1984.

In addition to appeals by the 11 states, the court also rejected questions raised by competitors of AT and T who challenged the settlement.

A group of manufacturers and distributors of business telephone equipment contended that Judge Greene overstepped his authority when he altered the settlement so that local telephone companies could sell new telephone equipment after divestiture.

Reuter

● AT & T said it plans an underwritten public common stock offering in the near future to raise $1bn. The company plans to file a registration statement with the Securities and Exchange Commission in the near future.

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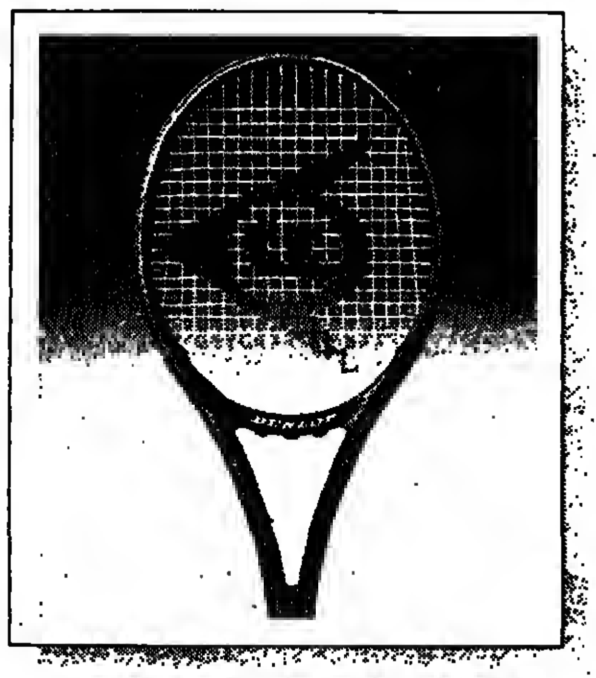

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The Dunlop Max 150 G Carbon Fibre Tennis Racket.

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The Sinclair ZX81 Computer.

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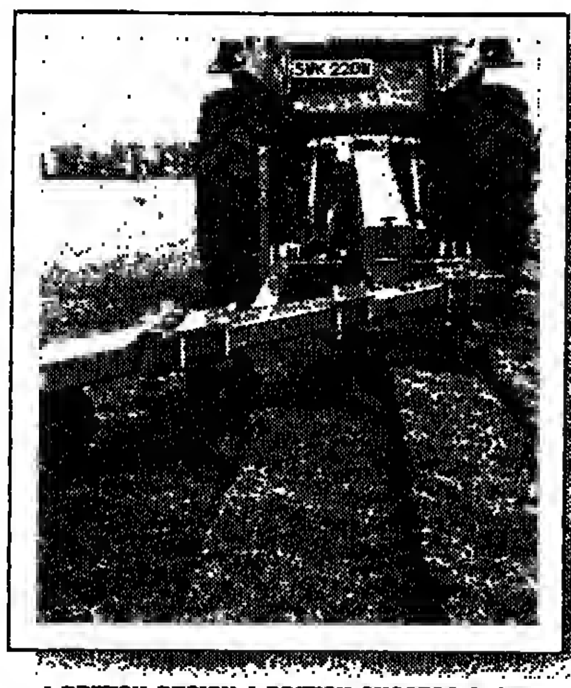
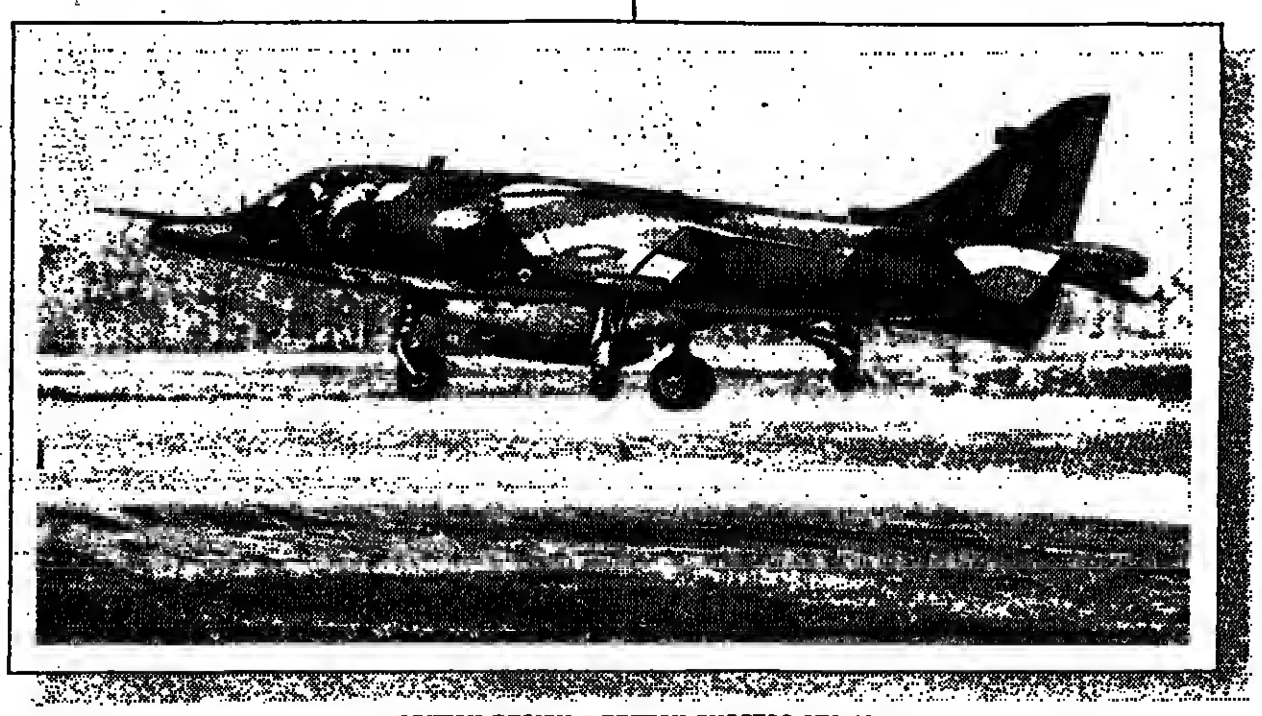
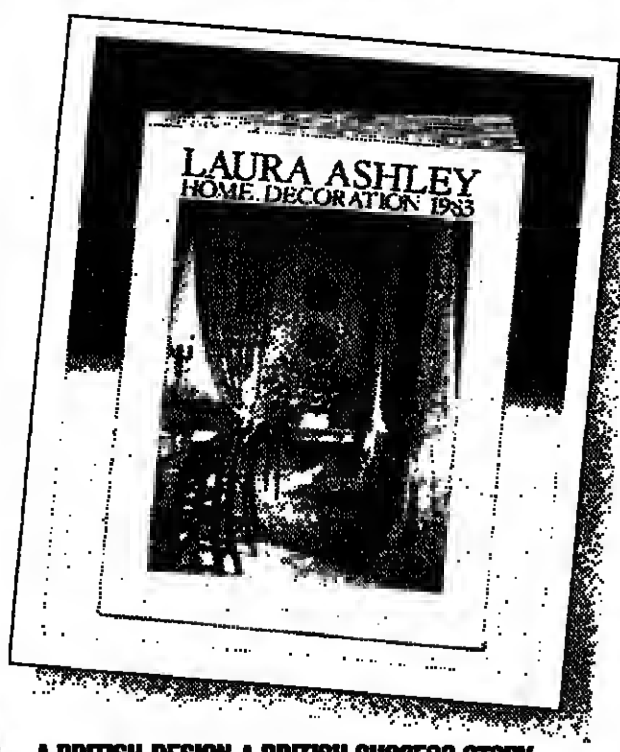


**A BRITISH DESIGN. A BRITISH SUCCESS STORY.**
The Paraplow from the Howard Rotavator Company.



**A BRITISH DESIGN. A BRITISH SUCCESS STORY.**
The Rolls-Royce Pegasus Vectored Thrust Engine for the British Aerospace Harrier.

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# WORLD TRADE NEWS

## Exporters urged to 'work' the World Bank system

BY LORNE BARLING

BRITISH EXPORTERS yesterday were urged by Lord Cockfield, the Trade Secretary, to learn how to "work the system" of obtaining overseas contracts funded by international aid agencies, sinre they offered increasing opportunities.

Speaking at a World Bank conference in Birmingham, he said there was some £8bn worth of procurement each year by the multilateral lending agencies for work in developing countries, of which the World Bank was responsible for about £5bn.

"A large part of this is put to international competitive tender, so British exporters can and ought to get a substantial *share of contracts under it.*"

Although UK companies had made a hesitant start in this area, they were now showing signs of more success in winning aid-financed orders. Last year the 12 biggest project successes brought contracts with a domestic British content of nearly £1.5bn.

However, Lord Cockfield said his department was acutely aware that companies simply did not know enough about the opportunities offered by World Bank projects or how to get involved.

"Success depends very much on whether exporters follow the right procedure and contact the right people at the right time—whether in Washington, in the Bank's delegations overseas, or in purchasing government's overseas. In short, they need to be able to work the system," he said.

Despite world recession, demand for capital projects had continued to grow at a remarkable 10 per rent a year.

In the Middle East, British companies were currently pursuing business worth about £5bn, while in the Far East the figure was £5.5bn and in Africa £6bn.

Seven major contracts won in the Far East last year had a UK content of £730m and four contracts in Africa were valued in the same way at £560m.

"These serve as a nseful indication of the sheer scale of the capital project business currently being generated in the developing world.

He added that Britain was the second largest contributor to the World Bank after the U.S. and, therefore, needed to improve its position from fifth or *sixth largest* beneficiary.

Mr Shahid Hussain, the bank's vice-president in charge of operations policy, said that although many developing countries were poor, a number were also dynamic in terms of growth.

## Malaysia sees barter as counter to protectionism

BY WONG SULONG IN KUALA LUMPUR

WESTERN NATIONS were warned yesterday that rising protectionism was forcing more and more Third World countries to turn to the Socialist bloc and indulge in barter and counter trade.

Dr Mahathie Mohamed, the Malaysian prime minister, said once this trend became more pronounced, it would be difficult to break, and over time, "the old contracts and symbiosis that existed between the interdependent, free enterprise free trade world would disappear."

The Malaysian leader, addressing an industrial seminar attended by more than 200 leading EEC businessmen and the five Asean countries in Kuala Lumpur, said Third World countries, including Malaysia, realised barter and counter trade was "primitive and inefficient."

But with rising protectionism in the west they had little choice but to resort to such measures and seek new deals with the Socialist bloc.

In a bid to boost its sagging exports, Indonesia has since 1981 embarked on a comprehensive policy of couter-trade, while recent Malaysian rice deals with Burma and Pakistan are designed with an eye to encourage the purchase of Malaysian palm oil.

## First steps towards new export credit Consensus

By Paul Cheeseright, World Trade Editor

THE FIRST steps towards settling new conditions for the offer of export credits *will be taken today in Paris* when officials from 22 industrialised nations start talks on the shape of an agreement to come into effect at the beginning of May.

The central issues will be the level of interest rates to charge buyers of plant and equipment paying on terms of longer than two years credit, and the possible introduction of a mechanism to change these rates as market conditions change.

The main arguments will circle around the level of subsidies—or whether there should be any subsidies at all—permissible in official support for financial packages backing sales of capital goods and services.

At stake is the future of the Arrangement on Guidelines for Officially Supported Export Credit, worked out under the aegis of the Organisation for Economic Co-operation and Development, and usually known as the Consensus.

The Consensus brings together the EEC, Japan, the U.S., Nordic countries, Switzerland, Canada and other industrialised nations.

Their representotives this week will have exploratory discussions directed towards a major negotiating session to be held on April 26 and 27.

The EEC has not yet settled its position, and officials noted that the discussions will be directed at seeing where the basis for a new agreement might be.

The present pattern of Consensus interest rates runs from 10 per cent for relatively poor borrowers to 12.4 per cent for relatively rich borrowers.

The U.S. approaches the talks from the position that it *would like all subsidies eliminated* from the Consensus system, with countries charging rates which reflect the cost of raising the funds on domestic markets.

But this approach has long been opposed by countries like France, Italy and the UK.

John Wyles in Brussels reports on a confidential, no-holds-barred document

## Paris catalogues the EEC tariff trip wires

WHICH COUNTRIES are the most adept at erecting those little trip wires which make the business of trading within the EEC a much more difficult task than it should be? Whose non-tariff barriers are the most extensive? Is every member state playing fast and loose with EEC free trade rules?

Tired of being depicted as the Community's most outrageously protectionist sinner, the French Government has recently supplied its own answers in a highly tendentious inventory of non-tariff barriers to trade within the EEC.

When it persuaded other governments in November that the European Commission ought to make a global inventory and that all capitals should send in their assessments, France subsequently redrafted and toned down its allegations. But the original document, *which was circulated confidentially* in Brussels, is fascinating for its no-holds-barred approach.

It is also largely accurate in setting down the various protectionist practices to be found in the Community although misleading in its impression that governments are sinning on a broad front.

The French document has undoubtedly had some influence on the Commission, which has just produced a rather imprecise evaluation of the working of the internal market to support its demand for agreements on moves to free intra-Community trade at a meeting of the Council of Ministers in Brussels today.

The Commission studiously avoids linking the name of any particular member state with any specific protectionist practire exrept for West Germany which, significantly, is a major target of the French document. According to France, the web of technical norms and standards which covers the manufacture and sale of products in West Germany casts a very different light on Germany's liberal stance.

Germany, says the French document, has "a falsely liberal appearance." In reality, say the French, it employs with great skill its standards and its testing and *certification systems*.

In its report, the Commission notes that Germany was one of the first to begin establishing industrial norms a century ago.

Nevertheless, though the system is exrellent in itself, it can become "an obstacle to the penetration of the German market by products manufactured in another member state under another system of norms," acknowledges the Commission, with a bow towards France.

More feverishly, the French document scatters allegations like confetti. Protective acts by France's partners are

> "Tired of being depicted as the Community's most outrageously protectionist sinner, the French Government has recently supplied its own answers in a highly tendentious inventory of non-tariff barriers to trade within the EEC."

grouped into the following four categories:—

● *Discrimination in public purchasing:*

*Although Community rules* have tried to make this more difficult, "in practice, the majority of public markets are reserved for national enterprises," say the French. Germany uses its *RAL quality* standard to favour national companies, while the Netherlands authorities only purchase elsewhere when products cannot be obtained domestically.

Meanwhile, nationalised industries are not covered by any EEC directive and this enables British state companies to concentrate their purchasing in the UK—"so it is that three local companies supply 60 per cent of British Telecom's purchases."

● *Technical obstocles.*

In addition to Germany, another so-called "liberal" trader—Denmark—is accused of deploying norms and standards in favour of its own manufacturers. Some items, such as fire fighting equipment, cannot even be imported into Denmark without the prior approval of a committee upon which domestic manufacturers are represented, the French allege.

Meanwhile, homologation procedures in the Netherlands are so long and costly that it can take over 18 months just to secure approval of a concrete tile.

● *Miscellaneous obstacles.*

France concedes that some policies may restrain imports from other countries without intending to do so.

Nevertheless, Belgium's control of profit *margins* under its pay and prices policy tends to penalise importers. Elsewhere, tax discrimination, as in Ireland, in favour of the local manufacturer, imposes an unfair burden on the importer.

Customs clearance procedures at frontiers is an important obstacle. The UK is said to exploit opportunities in this case by limiting its number of customs points and insisting on customs clearance at these ports of entry. Italy, whose proredures are very similar to France's is very effective at holding things up, by employing only 5,000 customs officers against France's 20,000.

Ireland, Italy and "above all" the UK are singled out as enthusiastic users of publicity campaigns to promote the consumption of domestic products.

● *Quantitative restrictions.*

Italy, Franre and Greece, says the document, have retained the largest number of quotas on third country products which predate the creation of the EEC's common commercial policy. The UK, meanwhile, favours auto-limitation agreements such as that between the British motor industry and its Japanese counterpart.

Having produced its inventory, the French Ministry of *Trade* can be safely assumed to have arrived at the comforting conclusion that with everybody else being so ingeniously protectionist, France would be unwise if she tried to be different.

DOING BUSINESS WITH THE PENTAGON

## Dexcel + Defence = divestiture

BY JUREK MARTIN IN TOKYO

DOING BUSINESS with the U.S. Defence Department is usually profitable for any company and it has proved increasingly so under the Reagan Administration. But a well known Japanese corporation has discovered that producing something the Pentagon wants can lead to unforeseen consequences, to wit divestiture.

Kyocera (formerly called Kyoto Ceramics), the rapidly diversifying electronics concern and leader in ceramics technology, confirmed yesterday that it had sold to Gould Inc, the U.S. defence equipment manufacturer, its majority-owned U.S. subsidiary, Dexcel.

A senior Kyocera official explained yesterday that the Defence Department had not actually forced the sale of Dexcel, for which Kyocera received $7.5m for its holding of a little over 80 per cent.

But complying with the U.S. security clearance laws that apply to suppliers of sensitive defenre equipment had created such management problems for the Japanese parent company that divestiture came to be seen as the logical way out.

Originally, Dexcel, established in 1975, had a number of commercial customers for its line of microwave field effect transistors (fets) and other compound semiconductors.

But the Pentagon's interest in due course manifested itself: Dexcel's management asked Kyocera if it could sell to the Defence Department, and the parent replied in the affirmative, only to discover the Catch 22 of the U.S. securities clearance laws.

These laws are wide-ranging and not always understood: inter alia, for example, they prohibit foreign ownership of U.S. companies in certain security related fields (including areas of aviation and communications).

Kyocera tried to get round the problem by, in effect, placing Dexcel into trusteeship, the trustees presumably meeting U.S. security clearance standards.

Although the Kyocera official did not appear especially exercised and was more inclined, with a touch of humour, to write off the experience as just another example of American non-tariff barriers (along with unitary taxation in California and the rules and regulations of the U.S. Internal Revenue Service), the Dexel case may conceivably set a precedent of some consequence.

## India fences in the foreign television manufacturers

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Government has decided to keep foreign companies out of its plans for the manufacture of colour TV sets in the country, but it will not bar established large industrial "monopoly" houses from entering the field. But foreign collaboration will be allowed "on considerations of special merit on a case-by-case basis."

Foreign companies will be allowed to seek permission to make black and white tubes in plants with a minimum capacity of 1m tubes each, although it is likely they will also need to *collaborate with Indian companies* for this.

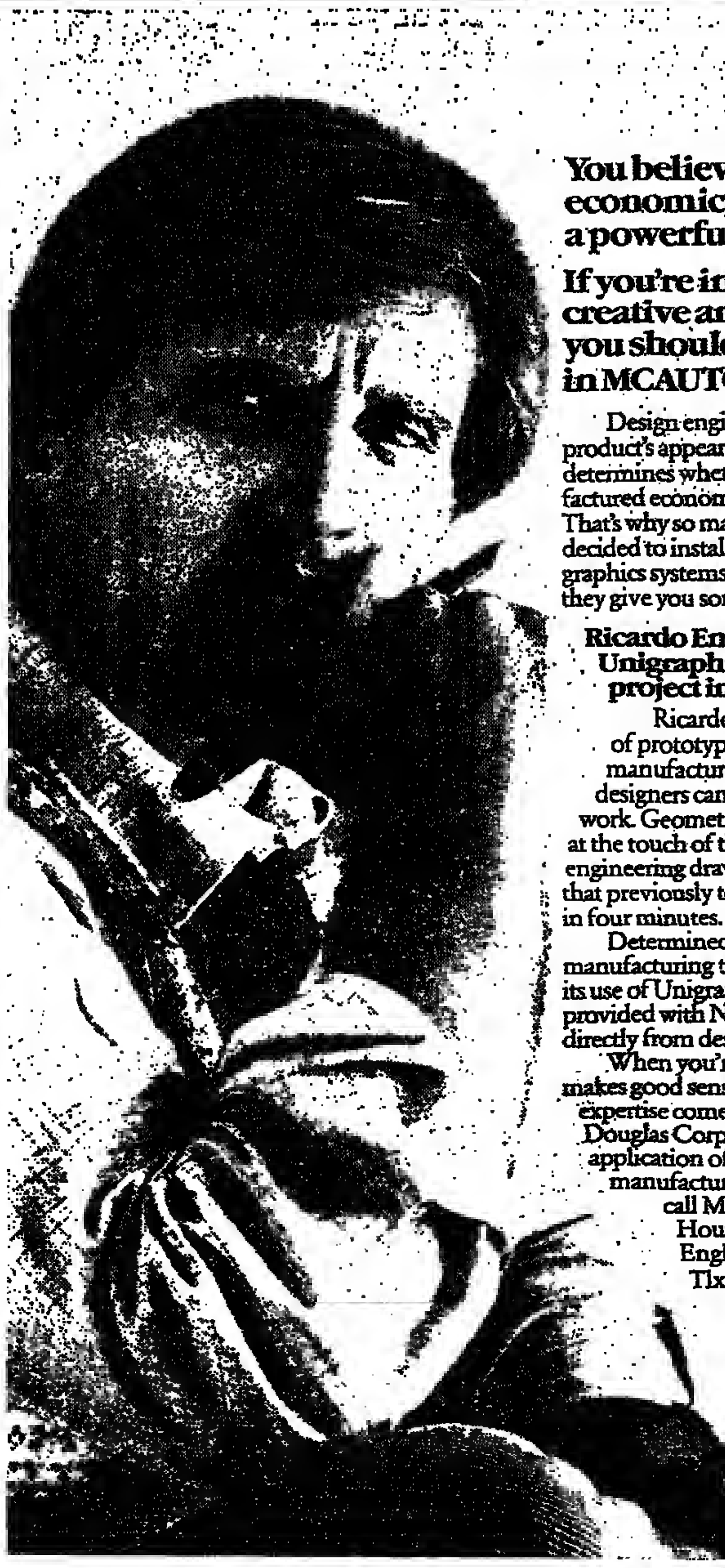
The announcement of the Government's TV policy makes it clear that it has decided that domestic colour TV manufacture should begin now that colour telecasting has started nationally since last November.

According to the guidelines issued, all sectors of industry are to be encouraged to start manufacturing colour TVs, but companies which have foreign equity will not be allowed to do so.

This provision, taken with the announcement that "there could not be any upper limit on capacities," implies that the large industrial houses will be allowed to enter the TV industry. This is a major policy change as the industry has so far been reserved exclusively for small industrial units with investments of less than Rs 10m each.

The guidelines also state that a minimum complement of production and test equipment, as decided by the Department of Electronics from time to time, would be required to be installed in each production unit.





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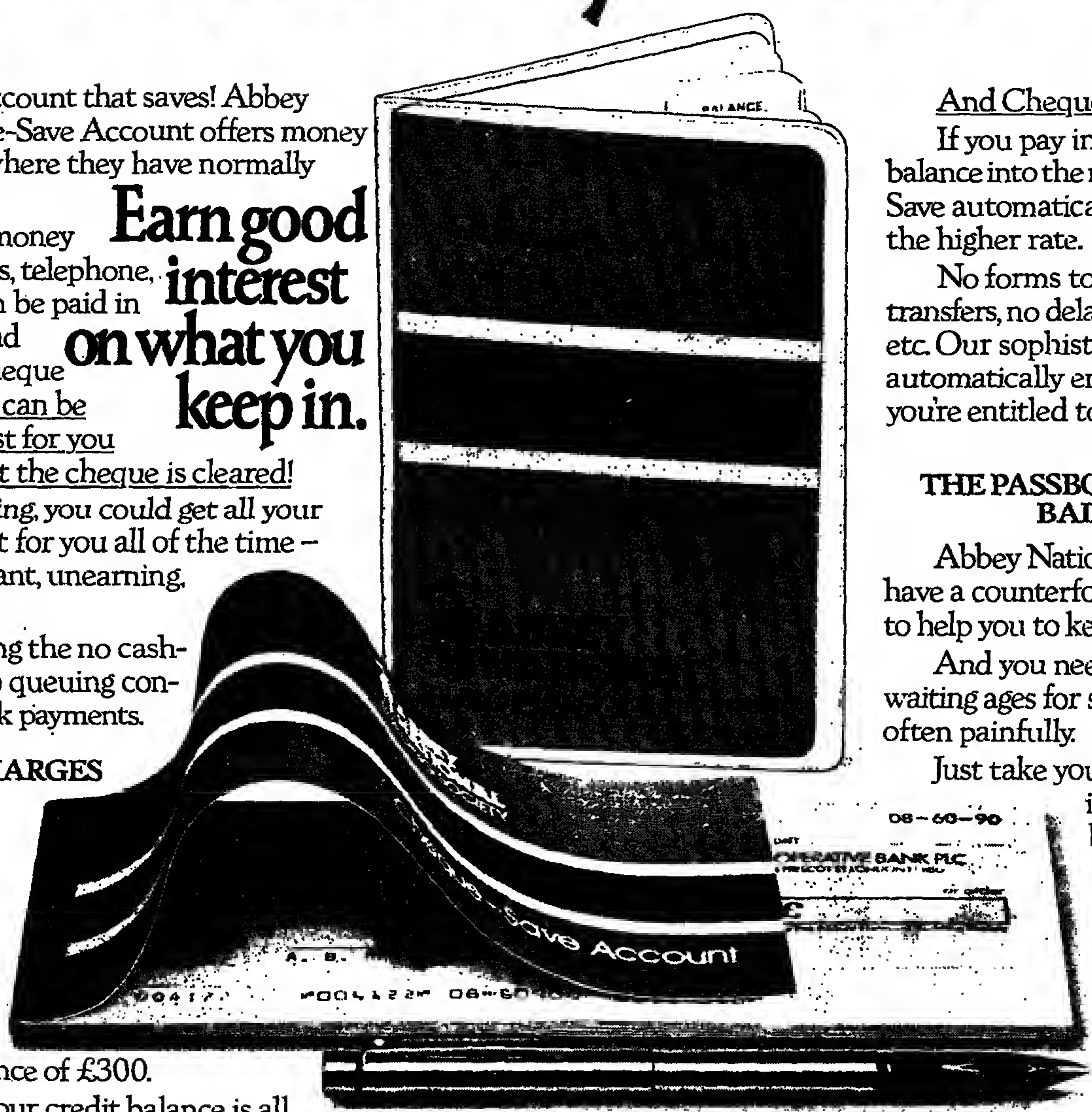


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| £2,500 - £4,999.99 | 5.75% = 8.21% |
| £5,000 - £30,000 | 6.50% = 9.29% |

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## UK NEWS



# Why cable TV must start soon

BY GUY DE JONQUIERES

ANY DELAYS in starting the construction of new cable television systems will jeopardise the industry's growth and deter potential investors, according to a study by Deloitte, Haskins and Sells, the accontants and management consultants.

The study recommends that the Government speed up investment by granting some franchises for cable systems before its planned legislation is approved by Parliament next year.

Deloitte's experts believe cable must establish itself fast if it is to compete effectively for consumers' spending against other mass-entertainement media such as direct broadcasting by satellite (DBS), due to start in 1986, and increasingly popular video cassette recorders (VCRs).

Deloitte is advising about a dozen large clients, including Merseyside Cablevisinn, which is interested in investing in cable.

Its experts believe cable systems can be profitable for those able to afford the £15m or more needed to build a network, but they warn that a franchise will not be a license to print money," particularly in the early years.

Deloitte also forecasts that networks started in the first two or three years will use conventinnal coaxial copper cable and the "tree and branch" technology already well established in the U.S.

The technology needed to build much more sophisticated "switched star" networks using advanced optical fibre cables will not be commercial available until 1985-86, it says.

The Government hopes cable investors will boost British industry's expertise in advanced fields such as opto-electronics by building all-fibre nptic "switched star" networks, which operate like a telephone system and would give subscribers an unlimited choice of two-way channels.

However, even the Government's proposal to grant 20-year franchises for "star" networks – against 12 years for simpler "tree and branch" systems – will not induce investors to use the more advanced technology in the foreseeable future, says Deloitte.

"If the Government insists on starting with 'star' systems, no one will invest in cable," says Mr Peter Hazell, the Deloitte partner heading the study.

Publication of Deloitte's findings, based on computerised analyses, appears intended to influence Government thinking at a critical stage in the drafting nf the White Paper nn cable television policy. The White Paper is expected to be issued next month.

According to Deloitte, the commercial success of private investment in multi-channel cable television systems in Britain will hang on a number of criteria, and several important hurdles must still be surmounted. These include:

- The early award of franchises for a minimum nf 10 years.
- The availability of existing ducts in areas where cable is to be laid. It will be uneconomic to dig up roads to lay new ducts. Cable consortia, including British Telecom, which has access to a huge network of telephone ducts, will have an advantage, though cable could also be laid in sewers.
- U.S. production studios must be persuaded to lower their fees for feature films which, Deloitte believes, will be the main money-spinner for cable systems. The U.S. Motion Picture Exporting Association, which controls sales of most American films, is demanding that British cable operators pay seven times more than the price charged to major U.S. programme distributors such as Home Box Office.
- The Government should emphasise its commitment to cable by giving explicit support for the development of two-way "inter-active" cable services such as home banking and electronic shopping.
- Post-tax rates of return will depend on whether investors have other profitable activities to which they can apply the tax relief generated by cable systems in the early years.

Deloitte has drawn up a list of 35 prime franchise areas in Britain. It says cable will do best in areas which have a high proportinn of fairly affluent families with children and relatively few nld people.

It has prepared on its computer model a forecast for one of the areas, Luton and Dunstable, io Bedfordshire. The forecast assumes the area will be cabled within three years, at a capital cost of £14,000 per mile of cable and at a connection cost of £110 per home.

It also assumes that half the homes able to receive cable will subscribe by the seventh year, and that monthly charges for basic cable service will be £12, including VAT, per home. The cost of providing programmes is set at £6 per home per month.



# Sizewell contract for GEC

By David Fishlock, Science Editor

GEC HAS won the £1m design contract for twin 600 MW turbo-generators for Sizewell B, the pressurised water reactor the Central Electricity Generating Board (CEGB) hopes to build in Suffolk.

The design cootract should be followed by a manufacturing contract worth about £120m next year, provided the Government gives approval for Sizewell B to proceed.

The CEGB said yesterday that it was the unanimous decisinn nf its board to award the contract to GEC, after a request to GEC and Northern Engineering Industries last December to resubmit their tenders with all commercial qualifications removed. Original tenders from both companies had contained commercial qualifications requiring subjective judgments.

CEGB felt that a contract to this magnitude should not be made on the basis of such qualifications.

Mr John Baker, the CEGB's member for commercial affairs, said yesterday that the board considered that it was oot its duty to award the cootract on social grounds relating to which cootractor was most in need of the work. But if, and wheo, further contracts were placed for PWRs, they would be awarded oo the basis of competitive tenders.

# Battery plant to close

By Mark Meredith

CROMPTON PARKINSON, maker of Vidor batteries, is closing its Dundee plant in Scotland with the loss of 244 jobs. The factory produced zinc carbon batteries for consumer goods – a market which has met increasing competition from the longer-lasting alkaline batteries.

Crompton Parkinson's difficulties follow those of Ever Ready which has seen a gradual fall in its market share from between 80 and 90 per cent of total UK sales in 1979 to between 60 and 70 per ceot in 1981.

Market analysts expect UK battery sales to mirror those of the U.S. where alkaline batteries outsell zinc carbon by two to one. At present zinc carboo sales have just over 65 per cent of the UK market.

The closure is another blow to unemployment in Dundee, now nearing 17 per cent of the working population. In January the Timex Corporation shed 1,900 of its Dundee work force and ended manufacture of mechanical watches.

# Coalfields support Welsh pit strike

By Robin Reeves

THE THREAT of the South Wales miners' strike over pit closures spreading to other areas increased significantly yesterday when leaders of miners in Yorkshire decided to call out their 65,000 members in support of the Welsh stoppage from next Sunday.

Indications of support also came from Derbyshire miners. The Scottish miners' executive is to meet today to discuss its position.

News of the Yorkshire decision reached south Wales as some 300 Welsh strikers decided to end a five-hour occupation of the National Coal Board's Cardiff headquarters. They were publicising the start of their protest against the planned closure of the loss making Lewis Merthyr-Tymawr colliery near Pontypridd.

An all out strike by the Welsh coalfield's 23,500 miners at 33 collieries began yesterday and was reported to be 100 per cent solid. Some 4,500 pickets were being mobilised to try to stop the movement of coal, and gather support from other unions.

Rail, dock and seamens unions have indicated their backing. British Rail said the dispute would mean the loss of £750,000 a week in freight revenue. However power station stocks of coal are said to be adequate for many weeks' electricity production.

Mr Philip Weekes, the NCB's South Wales director, insisted yesterday that there could be no reprieve for Lewis Merthyr, which the board says must close in July. It was impracticable to continue mining at the colliery.

But all the 593 miners at the pit would be offered alternative jobs within reasonable travelling distance.

Government support for this stand was confirmed in the House of Commons yesterday. Mr John Moore, Energy Under Secretary, said the coal industry had received investment funds totalling £4.5bn under the past two governments. But uneconomic pits had to close. The colliery in question was losing money at a rate which was expected to reach £7m a year.

# Energy costs 'now in line'

By Our Parliamentary Staff

BRITISH industrial energy costs are now in line with the rest of the European Community, Mr Nigel Lawson, the Energy Secretary, told the House of Commons yesterday.

Mr Lawson drew on a report by the Confederation of British Industry showing that prices paid for energy in the UK "in general compare well with those in the rest of the European Community."

He agreed, after questioning, that the price of heavy fuel oil, including tax, was higher in the UK than in the rest of the Community. But be said fuel oil was not the biggest item in industry's energy costs.

# Main parties offered hope for key by-election

BY PETER RIDDEL, POLITICAL EDITOR

THE FORTHCOMING by-election at Darlington, in the North East of England, appears to be wide open between the three main political parties. Polling will take place on March 24.

Labour is defending a majority of only 1,052. It is a contest which is seen as a key indicator of the future pattern of British politics after last week's Liberal Party landslide in winning Bermondsey, a former Labour stronghold.

A Market and Opinion Research International poll published yesterday in the Standard newspaper gives Labour 38 per cent of the vote at Darlington, the Conservatives 32 per cent and the Liberal/SDP Alliance 30 per cent. But a large proportion of the electorate was undecided or unwilling to say how it would vote.

SDP and Liberal leaders yesterday tried to resolve differences provoked by weekend comments about who should be their candidate for Prime Minister. Mrs Shirley Williams, the SDP president, had said that everyone, including Mr David Steel, the Liberal leader, accepted that Mr Roy Jenkins of the SDP would be Prime Minister in an Alliance Government.

But two Liberal MPs had argued on the basis of opinion poll ratings that Mr Steel should have the job. Mr Jenkins commented yesterday that anything that did not come from Mr Steel or himself must not be treated too seriously. Mr Jenkins said the positioo had not changed at all in that the Alliance would make it absolutely clear before the election who would be the Prime Minister in an Alliance Government.

However, Mrs Williams' comments reflect what SDP leaders believe to be assurances from Mr Steel.

● Ladbrokes, the bookmakers, yesterday made Mr Michael Foot, Labour leader, favourite to lead the party at the oext general election.

# Lloyd's funds used for house deals

BY JOHN MOORE CITY CORRESPONDENT

TRADING funds of members of a Lloyd's insurance syndicate, which includes Mr Robin Leigh-Pemberton, the newly-appointed Governor of the Bank of England, have been used to finance the house purchase arrangements of members of staff of an underwriting agency company which looks after the affairs of the members.

About 600 members of the syndicate, whose members include Mr Leigh-Pemberton, have been notified by the underwriting agency, Edward Williams Coutts & Partners, after the start of an informal fact finding inquiry into its affairs by the newly-formed Lloyd's regulatory investigative unit.

The Lloyd's informal inquiry is focusing on the relationship of three of Edward Williams Coutts's executives with Orbells, an insurance consultancy, Nicholas Reinsurance, an insurance and reinsurance company in which Orbells has a shareholding, and the relationship of Orbells with Nicholas Securities.

In a letter, Edward Williams *Coutts & Partners says the companies* had traditionally been used to generate funds that could be loaned to agency staff to assist them in becoming members of Lloyd's; to finance staff mortgages at concessioo ary rates; and to some extent defray expenses which would otherwise have fallen on the managed syndicates.

*According to the agency yesterday* not more than about 20 of the staff had used the mortgage facility.

# 1,000 dock jobs to go

BY BRIAN GROOM, LABOUR STAFF

PORT EMPLOYERS are expected to tell unions tomorrow they are planning up to 1,000 voluntary redundancies among Britain's 15,300 registered dockers in a scheme providing maximum severance payments of £22,500 a head.

The National Association of Port Employers is also believed to have asked the Government for further relief from the levy funding dock severances, in addition to the substantial debt write-off and rescheduling announced last year.

The redundancies will be mainly in London and Liverpool, but there will also be some in Bristol, South Wales and Scotland.

Registered dockers are those at ports in the National Dock Labour Scheme, which handle three quarters of seaborne trade. Their numbers have been cut by a third in less than two years.

The decline has been caused by decasualisation, containerisation, the shift in trade from west to south and east coasts, and, latterly, the recession.

Last year 2,700 dockers left under a special scheme which also gave payments of up to £22,500. The maximum has since beeo reduced to £16,000, but will be raised again probably for about two months this year.

# Investors set to give airships a long-awaited lift-off

A £5.5m rights issue now planned by Airship Industries, the manufacturer of "lighter-than-air" craft, seems likely to ensure that not only in future will the spectacle of airships flying over the UK and other countries become more familiar, but also that quantity production of such craft will be re-established.

It is something hardly seen in the UK since the early 1930s (when the UK Government's airship programme was abandoned in the wake of the famous R-101 airship disaster). Only when the first Skyship 500, built by Airship Industries, began flying in September, 1981, did the prospect of a new airship manufacturing industry begin to take shape.

It has gathered momentum quietly but steadily since then. The Skyship 500 gave pleasure to many thousands of visitors to last year's Farnborough air show, and that craft, possibly the forerunner of a long line, has also performed on the Continent, and has taken part in flight trials over London's Docklands.

Now, the aim is to set up a steady production line, building perhaps half o dozen or so craft initially a year, but expanding beyond that as demand requires.

Airship Industries itself was set up in the Isle of Man in 1978, in an attempt to establish a dream long-held by some enlightened engineers for a revival of the airship as an economic aerial vehicle, capable of flying quietly, slowly and cheaply, and performing a wide range of tasks.

Airship Industries' largest shareholder (14.81 per cent before the rights issue) is European Ferries, whose chairman, Mr Keith Wickenden is also chairman of AI. The second largest individual shareholder (also with a representative on the AI board) is the Royal Bank of Canada, with 9.54 per cent, while

**Airship Industries is aiming to set up a steady production line building half a dozen or more craft a year. Michael Donne says engineers' long-held dreams are slowly being fulfilled**

Commercial Union Assurance Company has 6.05 per cent of the issued capital and Citicorp Capital Investors has 5.60 per cent. The chief executive is Mr Andrew Millar, also a substantial shareholder.

Airship Industries itself is involved in the design, manufacture and flight operation of a new geoeration of non-rigid (that is, not using a rigid framework in which the "gas-bags" are cootained) airships – the Skyship 500 seating 12 passengers and the larger Skyship 600 seating 20, with plans for eventually larger craft, such as the Skyship 2000 seating 80 and the Skyship 5000 seating 196.

The present production craft, Sykships 500 and 600, feature the use of belium, a non-inflammable gas that eliminates the dangers associated with the earlier hydrogen-filled airships

The craft also make extensive use of modern, lightweight, high-strength materials, such as carbon-fibre, glass-fibre and Kevlar.

They are each powered by two German Porsche air-cooled petrol engines driving variable-pitch propellers, housed in ducts which can be swivelled to give vertical take-off and landing. These ducts improve the propulsive efficiency at low-speed, provide considerable noise reduction, and protect passengers and ground staff from rotating blades.

As a result, the currently flying Skyship 500 is o quiet, slow, stable platform, suitable for a wide-range of military and civil uses. The passengers and crew are housed in a gondola slung beneath the large "envelope" or hull of the craft. Top speed is 62 knots, and normal cruise is about 52 knots. The range is up to 480 nautical miles.

The military tasks envisaged include offshore patrols for anti-submarine warfare, coastguard activities, oil rig surveillance, mine-sweeping, and airborne early warning of the approach of hostile aircraft.

In a civil role, the Skyships can be used as aerial observation platforms for pipeline inspection, traffic surveillance, aerial survey and photographic work, aerial advertising and broadcast relay for both TV and radio.

Airship Industries plans this year (up to end-March, 1984), to build three Skyship 500s costing about £1.25m each, and five Skyship 600s, costing £1.6m each.

Rights issue details, Page 21

# Nuclear energy is still best buy, says power cost report

BY DAVID FISHLOCK, SCIENCE EDITOR

FRESH ANALYSES of British electricity generation costs, which load far more costs onto nuclear anergy than previous appraisals, still suggest that nuclear energy is the best buy, but by a narrower margin than before.

The new analysis, carried out by the Ceotral Electricity Generating Board (CEGB) and checked for completeness by its accountants, Peat, Marwick and Mitchell, has been sent to MPs today with a covering letter from Mr John Baker, board member for commercial affairs.

In it, Mr Baker says the CEGB's Magnox ouclear stations "look as if they will prove to have been a good economic investment, particularly if, as we now hope, it may be possible to extend their operating lives to an overage of 30 years."

The letter continues: "They certainly show significant savings compared with oil and, on the 30-year life, are at least as good as, if not better than, coal-fired stations."

Mr Baker adds that for future stations, using the well established technique of net effective costs, Sizewell B "stands out as the best choice for large-scale generating plant for the CEGB system."

British electricity generating costs have been a highly contentious topic for several years past, principally because critics of its figures have failed to appreciate the significance of the qualifications it has appended to its figures, says the CEGB.

Its latest analysis, which runs to 14 pages, offers eight different scenarios.

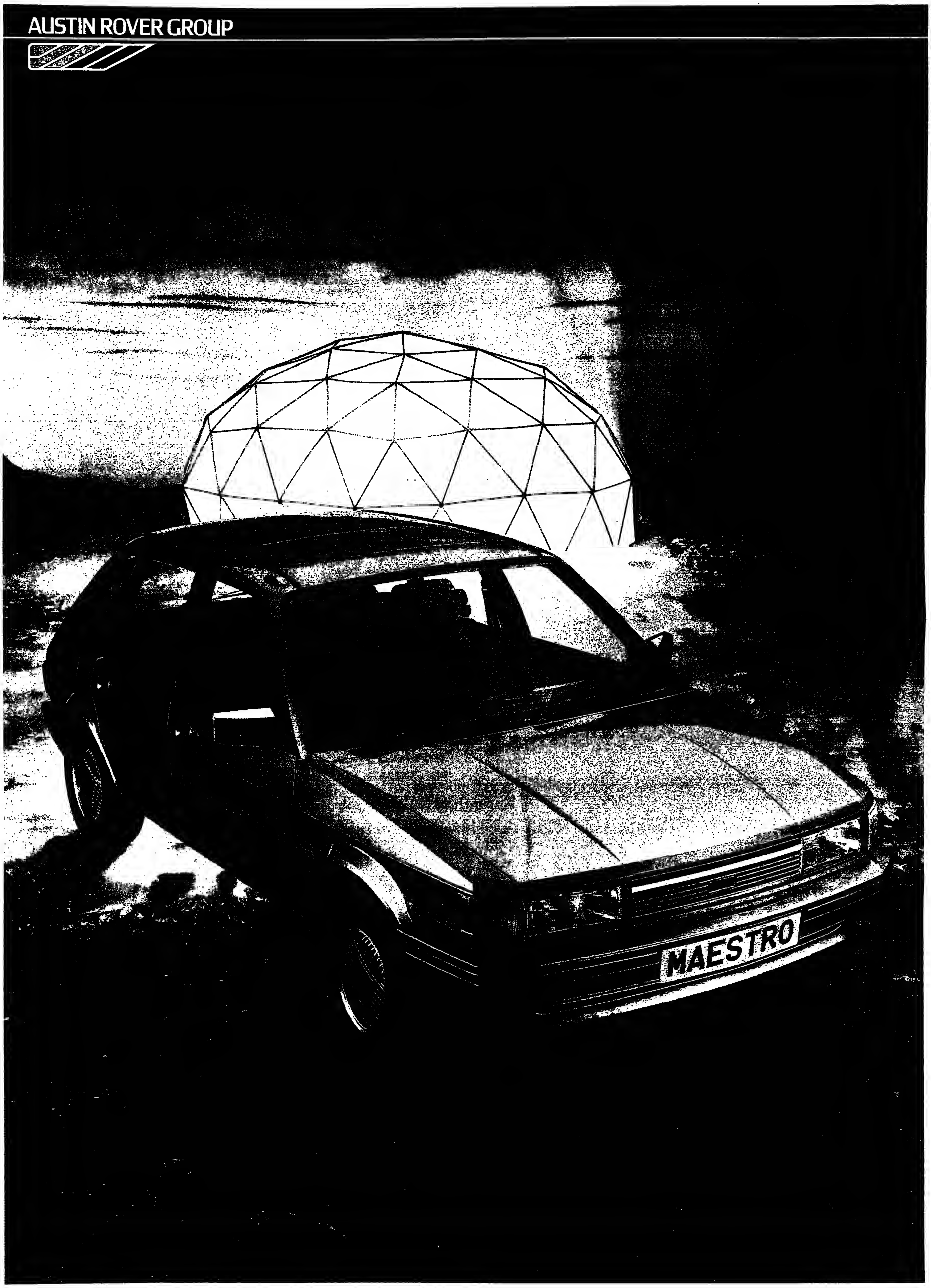
Mr Baker said yesterday it would be submitted to the public inquiry into the Sizewell B project, as o refereoce document, and the CEGB expected to be cross-examined on it.

Mr Fred Bonner, CEGB deputy chairman and board member for finance, said the most unpleasant surprise for him in the latest analyses was the way re-processing costs for Magnox fuel had risen. He believed, however, that the price charged by British Nuclear Fuels would "flatten out" in the next two years.

Mr Bonner said he was "pretty confident" that no major new Magnox investmeot would have to be made by British Nuclear Fuels if the CEGB decided this year to stretch the life of these stations

Mr Baker pointed out yesterday that the figures cannot be used for future commercial decisions becouse the CEGB will not be repeating the systems analysed.

*Analysis of Generation Costs, published by the CEGB, Department of Information, Sudbury House, 15 Newgate, London, EC1A 7AU.*

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# THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

## Anatomy of a failed publishing venture

BY TIM DICKSON


Derek Ralston (left) and Hugh Salmon : didn't quite get it taped

THE WHEEL has turned full circle for Hugh Salmon. Six months after the traumatic collapse of his first business venture, the 26-year-old former account executive with advertising giant, Ogilvy and Mather, started work yesterday with another large company.

Older and wiser as a result of his bold, if sadly ill-fated, attempt to break into magazine publishing, Salmon inevitably perhaps looks back on the events of last year with a mixture of bitterness and regret.

For while, happily, he is still young enough to rebuild his career the shattered dreams and, more painfully, the £8,000 overdraft which he still has to pay back to National Westminster Bank make him understandably wary of those who tell you that in self-employment lies the road to self-fulfilment.

"Normally people of my age would be thinking of buying a house but I certainly can't contemplate that at the moment," he explains ruefully. "And if I wanted to get married, I couldn't. I can quite see how another man in my position with, say, big family commitments could do something desperate like jump off London Bridge or swallow a bottle of pills."

Hard-headed observers will no doubt point out that while sympathy may be in order for Salmon the risk of failing is something all budding entrepreneurs have to take into account. Some of the other people directly involved with SFX Publications, moreover, insist that Salmon made a number of mistakes which contributed to his downfall.

### Humbling

While it would be rash and invidious for an outsider to attribute blame for the failure of SFX, the story of its demise contains the important and humbling lesson that the best and most original ideas can go disastrously wrong when converted into a business.

SFX (studio jargon for Sound Effects) was a 60-minute cassette of music and news from the music industry, issued fortnightly and billed ambitiously as "a new concept in magazine publishing."

Aware that 75 per cent of homes in the UK have cassette players, that 1½m "Walkman" type cassette players have been sold and that about 3m cars carry cassette players too, Salmon spotted the opportunity to launch an audio version of the consistently well-thumbed music magazines (viz Melody Maker and New Musical Express). The plan, which took shape in mid-1981, was to tape interviews with artists, take in reviews of the latest records and carry up-to-date news of what was happening in the music industry at large.

The music business probably attracts more than its fair share of "get-rich quick" ideas but nobody can say that SFX was simply the harebrained scheme of a young advertising pup.

SFX attracted, for example, the keen interest of Geers Gross new business director Derek Ralston, 36, who helped put together the business plan and like Salmon put up £7,000 for an equity stake; Salmon and Ralston between them persuaded the Industrial and Commercial Finance Corporation (ICFC) and Electra Investment Trust to back them to the tune of more than £300,000 (the total over three rounds of financing; while W. H. Smith—in spite of VAT problems associated with the product—agreed to distribute the cassettes through its nationwide chain of stores.

The first issue of SFX (launched in London in November 1981) was what is described in the trade as a "technical sell out," reviews were without exception enthusiastic and among other early achievements an unexpectedly satisfactory agreement for the use of musical excerpts was signed with the Mechanical Copyright Protection Society.

Yet in spite of this auspicious start nine months and 19 issues later SFX Publications was in the hands of the receiver. So what went wrong?

The point on which most parties seem to be agreed was the unexpectedly slow build-up in advertising revenue—the source of income which was always going to be vital to the long term success of SFX. Salmon and Ralston both got an enthusiastic response from senior advertising executives and senior executives in the recording business ahead of the launch but they misjudged the time needed for these encouraging words to be matched with hard cash. Against projected advertising income of £42,000, for example, actual advertising revenue for the first three issues was a mere £4,600. SFX also underestimated its unit costs of production and £40,000 quickly went out of the window to pay for the initial promotion involving media advertising. This immediately put the company under severe financial pressure.

The rest of the saga really tells how the participants tried to recover from this disappointing start. But with the cash outflow exceeding inflow with each succeeding issue they ended up simply chasing their tails.

Ralston strongly believes that it was a fall in sales—an initial 60.000 circulation settled at around 40,000—which was responsible for poor advertising demand. And he attributes the downturn to the quality of the product.

The financial problems, meanwhile, were exacerbated by the "sale or return" method of distribution. After the London launch, which was closely monitored, accurate circulation figures could not be ascertained until several weeks after each issue at which point money often had to be handed back on unsold tapes.

Before agreeing to the second round of financing last February ICFC put two non-executive directors on the board and insisted that Ralston leave his advertising job and devote all his time to SFX. This was clearly an unhappy episode for Ralston and Salmon who both insist that the ICFC individuals—one a double glazing expert, the other from the music business—were ill-qualified to advise on SFX. Says Ralston, "My main bone of contention with ICFC is that these people were foisted on us. I wish, in retrospect, that we could have had the power of veto because our relationship with them was far from smooth.

Ralston's attitude, nevertheless, is not "sour grapes." "At the end of the day I can't complain. We wrote the business plan, after all, and it didn't work out. Although everybody said it couldn't fail it was still a big risk for ICFC and Electra and even after the second lot of money had been put in we would have ended up with 50 per cent of the equity between us if it had gone well. "Our biggest mistake," he adds, "was not to go for sufficient funds at the beginning."

Salmon, meanwhile, is less philosophical and more emotional about the demise of SFX, and is clearly bitter that the collapse has hit him harder financially than the others involved. He questions ICFC's decision to make him borrow £7,000 for his equity and more generally wonders why banks are allowed to make themselves preferential creditors.

"My printer lost £5,000 and the tape supplier £25,000 but they both came along with us because of ICFC. I think there should be a law so that trade creditors get some of what is left, ahead of the banks."

### Good idea

An ICFC spokesman comments that all the evidence at the beginning suggested SFX was a good idea. "If anyone was going to make it work these two, with experience in the advertising industry, should have been the right people.

"As for non-executives we can't be expected to find a specialist in every field. The role of a non-executive in any case is to bring broadly-based commercial experience to a company and this is just what happened."

Discussing Salmon's personal financial commitment the ICFC spokesman said that this raised the whole question of risk-taking. "Not every start-up is going to be a success and some entrepreneurs will lose as a result. If you want to jump off the big company bandwagon and take a risk this is what can happen. If you can't cope with the downside you shouldn't take a tilt at the upside."

Members of the United British Artists' board (left to right): Diana Rigg, Albert Finney, Peter Shaw, Glenda Jackson, Richard Johnson and John Hurt

## Staging a start-up

"MERELY PLAYERS" said Shakespeare, and the description has grated ever since. The acting profession sees itself as getting the headlines and the applause, but rarely having the opportunity to control its own fortunes. The "mere players" are the toys of the business community.

However justified that view of the artistic side of stage, film and television it seems to be a major driving force behind the setting up of United British Artists, an actors' co-operative aimed at exploiting the explosive growth of television; giving the participants a greater control over their fate; and ensuring some sort of financial security for players who might fade from popular appeal.

Even players in the Diana Rigg, Glenda Jackson, Maggie Smith, John Hurt, Albert Finney, and Richard Johnson league worry about this sort of problem, and look for a more satisfactory arrangement for their acting lives.

Such is the stuff that dreams are made on, but this time reality has come forth in the form of the Basildon Fund, the risk capital group managed by Triventure, which has backed the actors via the Government business start-up scheme. This gives investors in allowable projects tax benefits at their top marginal rate.

The actors, along with producer Peter Shaw and director Peter Wood, have formed UBA with a basic £136,000 backing from Basildon. An equity slice has also been taken by Embassy Communications Inc, the U.S.-based distribution company, at whose head sits Lord Grade of former Associated Communications fame.

The deal is an intriguing mix of high hopes and cautious management. The artists are expected to produce projects which will sustain a two-month run on the London stage and then translate to television. The television production will be made in the studio using the stage sets and costumes as far as possible. It will then be sold to UK television and the U.S. cable or network systems. In theory the artists stand to make their fortunes.

The leading light on the artists' side, and chairman of the company, is former National Theatre player and regular television performer Richard Johnson. Like many of his friends Johnson was distressed at the actor's lot of choosing roles from what was offered rather than initiating projects. "We were not getting in on the ground floor."

### Distribution

The system on the surface works simply enough. The participating artists will each be offered parts in the productions. Each can reject one or two, but if nothing is accepted for two years then they will be asked to leave the corporate stage. Rewards come in three forms. There are basic fees, based on a UK rather than international scale; a share of the profits on a pre-negotiated basis of any project with which the artist is directly involved; and the normal profits resulting from a shareholding in UBA. For its stake Embassy gets world-wide (non-UK) distribution rights.

The reasons for this somewhat complex system are simple enough. It is a rare UK TV company these days that can afford the sort of fees that the John Hurts and Glenda Jacksons of this world command for one-off plays. Under the UBA scheme the stars swallow a lower fee, but look to foreign sales for the icing on their income cake. The share of the profits ensures that the star will continue to get receipts in future years, assuming that the play is still being shown, whatever the eventual fate of UBA. A slice of the UBA action should afford an underlying stability.

Johnson argues that the UBA objective is to establish a catalogue of long shelf-life productions. "The first six will probably be four plays and two musicals, one or two may be revivals but the rest will be original work." He says the team is looking for financial success, but not overt popularity.

UBA will be preparing its material only up to the production stage, after that another backer is required. Normally this would be a UK TV company, eager to acquire a string of prestige drama productions at something below Brideshead costs. However, Johnson and his team are also keen to enlist the support of sponsors who might like to have their names attached to a West End run followed by world-wide TV distribution.

Clearly Johnson and his team reckon they have found a way of funding short-run London stage shows, producing TV drama at a relatively modest cost as far as individual channels are concerned, protecting the long-term earnings of the actors concerned and giving the Basildon Fund a return.

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# TECHNOLOGY

EDITED BY ALAN CANE



INNOVATION THE GOAL, SAYS THE U.S. CHIEF

## Inmos aims to lead the pack

BY LOUISE KEHOE IN NEW YORK

"INMOS is ready to run," the company directors declared in New York last week. The British Government backed *semiconductor manufacturer* previewed several new chip products that it promises will be introduced later this year. "Inmos is about to become a broad based semiconductor supplier," said U.S. managing director Dr Richard Petritz.

The goal of Inmos is to sprint to the front of the pack of chip makers with some highly innovative products. The higher risks associated with those innovations will however test whether Inmos also has the *stamina* to stay the course in the long distance race.

The company warmed up well with its first product, a 16K static ram that has gained the company more than 50 per cent of the market for that type of memory chip. With its 64K dynamic ram, however, Inmos joined a crowded pack that has only recently rounded the first bend on a twisty track that includes hurdles such as Japanese price cutting and a multiplicity of problem ditches caused by complex processing problems.

Worse still, the prize for the winners in the 64K ram contest seems to have been stolen as profits elude even the best performers in the market. Now, Inmos plans some new entrants —a "16K by 5" and "8K by 8" dynamic rams that, the company hopes, will each find a group of supporters willing to pay a premium for a memory chip tailored to fit their fancy.

The "8K by 8K" is probably the first 64K dynamic ram designed in the UK (though Inmos is keeping the name of its designer a secret, the company will say that he is based in Bristol.) The part is expected to hold a special appeal to microcomputer systems designers since it "reads" and "writes" data in words that have 8 bits—the same size as those "understood" by a microprocessor.

The "16 by 4" on the other hand, will appeal to those users of memory chips who are looking for raw speed. Its 4-bit words represent 4-bits of data coming out of the memory chip together speeding up the flow of information.

Inmos has also put its name down for a new event. The company plans to enter the EEPROM (electrically erasable programmable read only memory) market this year. *EEPROMs are programme stores* that hold the set of instructions that tell a microprocessor what to do. They have some clever features, however, that make them more versatile than their predecessors.

These youngsters can perform up to 1,000 "reprogramming" push-ups without flagging, and they achieve it simply by listening to electrical impulses—rather than requiring ultraviolet radiation or fuse blowing pulses to get them going. The Inmos version meets the qualifying performance of similar devices made by SEEQ Technology (an early leader) and Intel (the heavyweight) in this match by using a 5 volt supply that matches the power requirements of the microprocessors it must work with.

But the Inmos part will start with a handicap because it uses different circuit methods — as yet unproven. Why Inmos should have chosen different "colours" for its 64k EEPROM is unclear. The company believes that it alone knows the best way to approach the design of such parts but by rejecting conventional wisdom it will also have to prove its potential alone.

It is, however, the Inmos "transputer" that exemplifies the company's innovative spirit. With the transputer, Inmos has rewritten the rule book for the sport of microcomputer design. Dr Iann Barron, managing director of Inmos UK agrees: "We have taken away some of the rules — the restrictions — that make microcomputer design difficult," he explains.

The transputer, he says, will be a very fast microprocessor capable of handling perhaps *10m instructions per second*. Several transputers will be used to control different functions in a system, and they will all work concurrently. "With today's microprocessors, real - time applications in which several different things happen at the same time are controlled by serial devices in which each item must be dealt with sequentially," he explains. This makes it difficult for the computer programmer.

Transputers, he believes, can overcome the limitations of regular microprocessors and provide the designer with an electronic logic system that more closely relates to the real world. Experts concede that the concept is elegant, but they remain sceptical. Dr Barron shrugs that off by pointing out that other semi-conductor manu*facturers have a vested interest* in keeping a hold on the *status quo*, distributing microprocessor power around a system, with several electronic "brains" each dealing with a different element.

Richard Petritz and Iann Barron, ready to lead the chip-makers

The job is not new. Several of the standard micros available from companies such as Intel work together, swopping informations and instructions on communications lines called "busses." With transputers, however, it *seems that* those communications lines will be more flexible, allowing broader interaction between the different "transputers" in the system.

Unfortunately, because Inmos has thrown away the *rule books* on how microprocessors work, only they seem to really understaod how the new transputers will work. Even the experts, engineers from IBM, Bell Labs and other such U.S. establishments of electronics expertise admit to being somewhat confused by the new ideas that Inmos is proposing. It remains to be seen whether this is because Inmos has an insight that others lack, or whether Inmos is following a path that leads to a dead end.

Certainly, the British design group from Inmos has gained *significant credibility* through its design of a computer aided design system that has enabled the company to design microprocessors in a fraction of the time that it would normally take. "When can I buy one?" asked one member of Inmos' audience at a technical conference in New York last week.

Inmos' biggest challenge, according to U.S. experts is to face up to the fact that the "race" to become a leading semiconductor manufacturer must be run in real dollars and cents terms rather than the amorphous principles of logic design. Inmos must make what customers want to buy, rather than trying to dictate what they should want.

Perhaps Inmos can *follow* Intel and other successful innovators of the semiconductor industry in re-educating the world of electronics. But that will take time, and for Inmos, time is money as the company continues to chalk up losses of millions of dollars per month.

VIDEO AND FILM BY JOHN CHITTOCK

## Industry pauses to catch its breath for the long term

*IT IS ALMOST* with a sense of relief that the video industry has been discovering in recent weeks that not much is happening. At last, perhaps, a sense of routine and stability may creep into the business — even if it *means* a thinner time for those journalists in search of the spectacular.

As the industry pauses to catch its breath, more attention can be given to longer-term trends without quite so much fear of upheavals that will render *everything* obsolete tomorrow. With such stability, market forecasting becomes a little easier and the evolution of statistics somewhat more reliable.

### Staggering

The size of the market and its longer-term viability now preoccupies almost everyone in the business. Fears that the bubble might burst are diminishing as more evidence emerges to show that video is sustaining its growth pattern. In the U.S., for example, January sales of videocassette recorders to retailers were up a staggering 95.3 per cent over January last year. An analysis of UK sales due to appear in a newsletter late next week will provide similar good news about British trends.

World-wide, with a few exceptions, this upward swing continues. West Germany has just reported, for example, that sales of video recorders there in 1982 were 42 per cent up on the previous year.

These statistics provide the nourishment for the next major boom which must be only just around the corner — in programme sales. In a recent survey of 5,000 West European video owners, Frost and Sullivan found that an average of three pre-recorded tapes are already owned by users, even though 70 per cent prefer to rent programes rather than buy them. Of the programme renters, 30 per cent are borrowing one per week, and 26 per cent two per week.

### Potential

At the time of the survey *(summer 1982), the VCR* penetration of the countries covered would have been between a low of 3 per cent and a high of 13 per cent. Yet around that time some titles were already totalling sales (for the distributors) of 4,000 copies. The growth potential is thus inescapable.

All of this is occurring in a situation where in one of the biggest world markets—Britain — sales of illegally duplicated copies are possibly accounting *for 70 per cent of the total turn*over. Since this figure will fall as legislation and action begins to bite, further stimulus for the programme industry will be inevitable.

Meanwhile, an example of the current seriousness of piracy is provided by the readers of *Video Review* magazine. In voting for the best science fiction videocassette of 1982, they have chosen *ET* — which was not actually legally available on videocassettes in the UK.

Whatever prospects prevail for pre-recorded videocassettes, hopes for the video disc just will not go away. Sales of discs in the U.S. are running at about 30 per year per machine, outstripping videocassettes. A factor in this popularity of discs has been their lower price — as little as $14.98 for some titles, but generally averaging $30. Currently, however, fears are being expressed over the arrival of higher price discs as the film studios are entering the market direct with prices going up to nearly $40.

Video is certainly proving to be a price sensitive market, and that is perhaps one issue where stability has yet to be achieved. It is almost with disappointment that protagonists of the video disc will learn — that the Japanese launch of VHD this April is occurring at a price of about £400 — which is higher than some earlier expectations.

Nontheless, activity in video discs continues undaunted, despite the gloomy stories which circulate in some quarters. In the U.S. Sony, 3M and Pioneer have all produced production manuals for optical video disc programme makers. Tit bits of news like this throw a different perspective on the negative *stories* — such as the belief that Sony have absolutely no faith in video discs.

### Credibility

A driving force which is helping to sustain interest in the video *disc is of course its in*dustrial and educational uses. In America, Pioneer reckons that 25 per cent of its business in laser discs is with industrial users.

Nonetheless, this is exactly how the video cassette recorder boom started. The first commercially available non-professional model — the Philips N1500 — was not aimed at the consumer market at all when it first appeared in 1972. The Sony U-matic's success in professional uses during that period also did much to raise the credibility of the videocassette as a consumer concept.

The Frost and Sullivan report mentioned earlier is, in fact, specifically devoted to video discs. Published last November in two spiral bound volumes (title *The Videodisc Hardware and Software Market in Western Europe*) this is a substantial attempt to provide some data on this controversial subject.

Regrettably some of the information was out-of-date well before publication date (e.g. IBM and MCA dropped out of its optical video disc partnership in February 1982) and some chunks of the report have been taken unchanged —

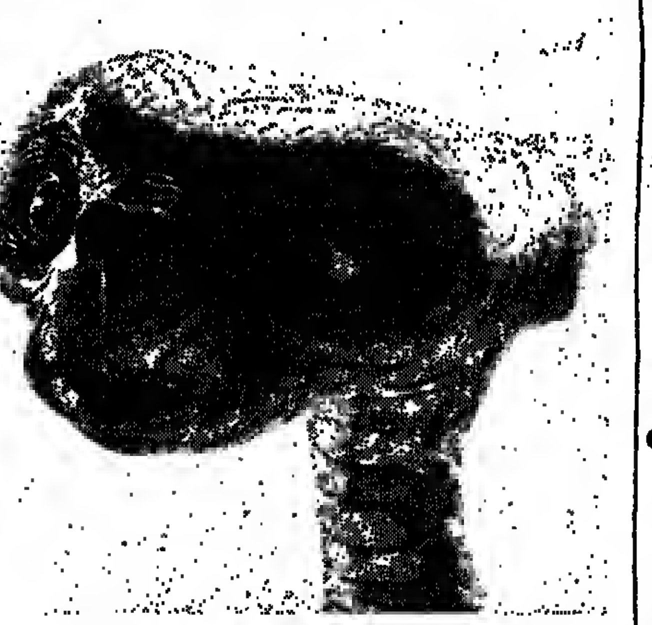
### Sensitive

without attribution — from previously published sources. Nonetheless, a positive picture emerges from the report—"we firmly believe (that the video disc) will run concurrent with and not in direct competition to video recorders . . ."

Maybe as a consumer product the video disc will take longer to succeed than first anticipated, but *this* remains as much a fault of the marketing policy of the manufacturers who have failed to stress the differences in the video disc.

Happily JVC are very sensitive to this point, and the Japanese launch of VHD should be a crucial occasion. In the meantime, more interesting programmes are now appearing in the U.S., such as an Agatha Christie-type murder mystery in which the viewer can participate and play an interactive detective game, interviewing suspects and going back over clues and the scene of the crime.

All of this must be good news for the industry. The bad news is for others — as in Frost and Sullivan's findings that 75 per cent of video owners now go less often to the cinema. Such defections from conventional viewing are also worrying the broadcasters. But *sitting pretty*, common to them all, are the people who make the programmes—winners all the way.



ET—an example of present piracy

CAD/CAM facilities expanded

## Warwick equipment worth £1m

FACILITIES for computer aided design and manufacture (CAD/CAM) at the University of Warwick's centre at Arden House are to be expanded, making it one of the largest independent CAD/CAM education and training establishments in Britain, with equipment worth more than £1m.

The university installed its first computer, supplied by Computervision in August 1981. *This included the Computer*vision Interactive Graphics Designer 5 system, incorporating five work stations with three Instaview and two storage tube installations, in a purpose designed CAD/CAM suit.

### Enhanced

"Such has been the value of the initial installation, both in research and training activities that it is now to be enhanced by the addition of two more *Designer 5 systems*, each running six Instaview terminals, to enable a total of 19 terminals to operate at any one time," the university said.

The facilities are intensively used in the university's integrated graduate development scheme, which provides over a period of three years an intensive 16-week programme of academic tuition, combined with practical hands-on industrial experience for selected graduate employees of BL, Lucas and Rolls-Royce.

LORNE BARLING

Finishing

## Surface treatment

AVAILABLE from Montgomery Plating Company of Coventry (0203 58444) is a surface finish called Niflor which combines the hard-wearing and corrosion resistant properties of nickel with the dry lubricant characteristics of the plastic PTFE (polytetrafiouroethylene).

The finish has 25 per cent (by volume) of microscopic PTFE particles locked into a hard supporting matrix of *autocatalytic nickel*. The nickel is deposited by chemical reaction with none of the thickness variations associated with plating.

Heat treatment, with some incidentally-produced phos*phorus results in a hardness* of 1000 VPN and the *PTFE* sinters into the resulting nickel-phosphorus alloy.

*During service, as the* nickel alloy is slowly worn away new areas of PTFE are *constantly exposed to give* lubrication.

Niflor has already been tried and found successful in heavy industrial valves and components for North Sea drilling rigs.

*Applications in small items* such as carburettor parts and fasteners for computer enclosures have also been satisfactory.

Photography

## Reversal film

WHAT IS claimed to be the world's fastest colour reversal film, with a speed of 1,000 ASA, has been put on the market by 3M.

Aimed at professionals, *this 35mm film* is said to offer an excellent speed to grain ratio and good colour rendering. It can also be "*pushed*" very well (over-developed to produce an even higher effective speed) and is completely compatible with the E6 developing process.

The film, developed by the company's manufacturing plant in Northern Italy, will be available by June from 3M appointed dealers in professional packs of five 36 exposure cassettes.

Circuits

## Japanese chip

FUJUITSU, in Japan, has developed a large scale integrated *circuit which* it says is the largest chip of its kind made using gallium arsenide technology.

Gallium arsenide is increasingly used as an alternative to silicon as the starting material for *integrated* circuits because it consumes less energy and works faster.

With 10,624 elements placed on a single chip the circuit operates at twice the speed of an equivalent silicon one. However, there is still a lot of work to be done on gallium arsenide on increasing the number of elements which can be put onto a single chip despite Fujuitsu's new circuit. It is a difficult and dangerous material with which to work and is more expensive than silicon.

## COMPANY NOTICES

NEGIT S.A.
Société Anonyme
10a, Boulevard Royal, Luxembourg

Luxembourg, 22nd February, 1983

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of Negit S.A. will be held at the registered office in Luxembourg, 10a, Boulevard Royal, on Tuesday, 8th March, 1983, at 12 noon, for the purpose of considering the following agenda:

1. To receive and adopt the Directors' report and the report of the statutory auditor for the year to 31st December, 1982.
2. To receive and adopt the balance sheet and statement of operations as at 31st December, 1982.
3. To approve payment of Directors' fees.
4. To grant discharge to the Directors and the Statutory Auditor in respect of the execution of their mandates to 31st December 1982.
5. To receive and act on the statutory nomination for election of the Statutory Auditor for a new term of one year.
6. To act on the statutory election of the Directors for a new term of six years.
7. To appropriate the earnings. The Board of Directors of Negit S.A., held on 17th February, 1983, has decided to propose to pay a dividend of U.S.$0.70 payable on 11th April, 1983 to all shares outstanding on 14th March, 1983.
8. To transact any other business.

The resolutions will be carried by a majority of those present or represented. The shareholders on record at the date of the meeting are entitled to vote or give proxies. Proxies should arrive at the registered office of the company not later than twenty-four hours before the meeting.

By order of the Board of Directors,
J. PIERSON
Secretary.

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The Ecu 3,000,000 redemption *instalment due April 1, 1983 has* partly been met up to a nominal amount of Ecu 625,000 by purchases in the stock exchange. The remaining amount of Ecu 2,375,000 has been completed by a drawing of bonds on the 21st of February 1983.

NUMBERS OF THE BONDS DRAWN: 1-2895, 24825/25000 inclusive taking account of all previous redemption instalment. Bond drawn will cease to bear interest on April 1, 1983. Bonds presented for repayment must have their coupons on at April 1, 1984 and subsequent attached and will be paid in accordance with the conditions shown on the bonds.

Outstanding amount after April 1st, 1983: Ecu 9,000,000

PREVIOUS DRAWINGS:
1.4.79
Nos. 8795/11762 inclusive
1.4.81
Nos. 5456/7360 inclusive
1.4.82
Nos. 11763/12592 inclusive

The Fiscal Agent
BANQUE PARIBAS
(LUXEMBOURG) SA

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**ECU 50,000,000 TF—1983/1993**

Bondholders are hereby informed that the rate applicable for the first interest period has been fixed at 12⅝%.

Coupon No. 1 will be payable as from May 24, 1983 at the price of ECU 305.94 equivalent to an interest of 89 days, covering the period from February 24, 1983 to May 23, 1983 inclusive.

The Fiscal Agent
CREDIT LYONNAIS-
LUXEMBOURG

The following notice appeared incorrectly in the Financial Times on Monday, February 28th, 1983.

**NOTICE TO HOLDERS OF UNITS IN THE KOREA TRUST**

NOTICE IS HEREBY GIVEN that the manager for the subject Trust, Daehan Investment Trust Co., Ltd., has confirmed that the first distribution is to be made on and after February 28th, 1983. Record date for this payment was December 31st, 1982 and the ex-distribution date was January 4th, 1983.

Unit holders may now present Coupon No. 1 to the paying agents listed below. Value of the distribution in WON 635.50 which will be paid in U.S. Dollars at the current dollar selling rate quoted by the Korea Exchange Bank on the day that remittance of dividends is made.

Distributions to non-residents of Korea are subject to Korean withholding tax at 28.875 per cent. Residents of countries having a tax treaty with Korea may, upon presentation of a valid affidavit, in duplicate, receive the distribution at the following reduced withholding tax rates:—

15% —United Kingdom, Switzerland, Belgium, Netherlands, Denmark, France, West Germany, Singapore, Finland, Sweden, Malaysia.
16.125%—U.S.A., Canada. 12%—Japan.

Residents of Belgium and the Netherlands should surrender two original copies of affidavit of residence issued by their tax authorities under current tax treaties between them and Korea.

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February 28th, 1983

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## APPOINTMENTS

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*Please write in strictest confidence, enclosing curriculum vitae, to: Box A.8133, Financial Times, 10 Cannon Street, London EC4P 4BY.*

# THE ARTS

## Cinema Books/Nigel Andrews

# Hollywood Nights

**Strangers in Paradise**
by John Russell Taylor. Faber & Faber. £8.25, 248 pages.

**Ingmar Bergman**
by Peter Cowie. Secker & Warburg. £12.50, 380 pages

**The Discreet Art of Luis Bunuel**
by Gwynne Edwards. Marion Boyars. £16, 276 pages.

**The Wandering Company**
by John Pym. British Film Institute. £4.50, 101 pages

"Please tell Mr Eisenstein that I have seen his film *Potemkin* and admire it very much. What we should like would be for him to do something of the same kind, but rather cheaper, for Ronald Colman."

Who but Sam Goldwyn could have spoken those words? The years of European exodus before and during World War 2 turned Hollywood into n Promised Land for emigre artists. If you could negotiatn your way through the cigar-smoking golden calves — and Goldwyn was but the gaudiest—you might find both creative and financial rewards for your travels.

John Russell Taylor's enjoyable *Strangers In Paradise* is funny first, informative second and persuasive and coherent third. I suspect that Russell Taylor followed his nose for anecdote and Damascene incongruity rather than having any clear pre-set plan for the book. The subject offers a loose homogeneity of theme — what European movie celebrities came to Hollywood from where, and with what eventual artistic result?—but the book's proportions and priorities are sometimes odd.

Many pages unfurl about Schoenberg and Thomas Mann, who though they settled in L.A. scarcely ever brushed with the film industry. There is more than seems necessary about the already well-documented career of Billy Wilder. And there is no more than a dismissive one-sentence mention of Danish-born Douglas Sirk, Hollywood's great postwar stylist, who gave movie melodrama a shot in the retina with films like *Written on the Wind* and *Imitation of Life*.

But who couldn't enjoy the book's incidental felicities? Russell Taylor specialises in portraits drawn with a deft thumbnail irony—"the fiery Polish-born personality (actress would be too strong a term) Pola Negri"—and his scavenging for facts produces a wonderful set of odds-and-ends spread out on the terminal beach of Hollywood evolution. Did you know that Stravinsky was hired to write the score for a gung-ho potboiler about the Norwegian resistance called *The Commandos Strike at Dawn*? The film never saw daylight, but Stravinsky completed the music and coolly sent it out into the concert hall as *Four Norwegian Pieces*.

In his chapter on "The Place," furthermore, Russell Taylor does come close to explaining exactly why and how Los Angeles became a honey-pot—and later a fairly unceremonious melting-pot—for so many European émigrés of the arts. Read, learn and enjoy.

Peter Cowie's *Ingmar Bergman* is a long day's journey (all but 400 pages) into the dark night of the Swedish soul; but so well-written and packed with salient facts that Bergmanites need search no further at present for a definitive "*critical biography*." Bergman as a movie-maker is never less than exciting and seldom less than exhausting. But Cowie (with a fine track-record as a writer on Swedish cinema) mixes life-story with movie-analysis in a wholly fluent way, and I am indebted to him for my having a clearer idea now of what *Persona* and *The Silence* are about than I ever had before.

Bergman, over the years, has been an undeserving victim of cinematic fashion. Films like *The Seventh Seal* and *The Virgin Spring* have been subjected to a giddying alternation between dog-days of high popularity and winters of anti-allegorical discontent. But Bergman's movies are always a challenge in the *best* sense. Their "obscurity" comes from compacted passion and meaning, never from needless obfuscation.

Cowie's work is neatly timed to coincide with Mr B's announced retirement from feature films. *Fanny and Alexander*, completed and soon to open in Britain, will be, he says, his last. There couldn't be a better retirement present than this book.

Gwynne Edwards's *The Discreet Art of Luis Bunuel* also extends n guiding hand to filmgoers approaching a great European director; though the hand is a trifle unyielding and the guidance a mite short on imagination. Separate analyses of nine key films constitute the nine main chapters, and within each essay sequential summary occupies too much space, fresh and cross-fertilising insights too little. Edwards is very good on the early surrealist films—*Un Chien Andalou*, *L'Age d'Or*—where, crossing non-sequitur torrents, he can't so easily advance on stepping-stones of "plot." But with films like *Belle de Jour* and Tristana he chooses too much of a straightforward A, B, C itinerary. *Useful*, nonetheless, for Bunuel collectors.

Finally, a warm welcome to John Pym's *The Wandering Company*, a voyage round the three-headed production prodigy of director James Ivory, producer Ismail Merchant and writer Ruth Prawer Jhabvala; whose films include *Shakespeare Wallah*, *Quartet* and most recently *Heat and Dust*. Concise, informative, insightful text (with glosses and comments, often tartly revealing, by Ivory himself) and lavish illustrations.

## Rodin and others/William Packer

# Romanticism to Expressionism

"The Cry" by Rodin

This is suddenly a very busy time in the galleries, public and private, with nearly a score of exhibitions opening last week in London alone, and at least thirty more to follow before this week is out—not all of them important but most with some serious claim to our attention. Add to them the shows even now barely a fortnight into their run, or the several major events current in the provinces, and the problem of any rational coverage becomes impossible of solution.

Simply to list them would take all my space and yet give no proper answer; for that list could only be a list and, would remain as orbitrary and unfair as any random sample. It is for me to make my choice, and today again it must fall upon certain public institutions, as it were by *droit de seigneur*.

So to Rodin and His Contemporaries (at the Barbican, by courtesy of the Peter Stuyvesant Foundation, until April 10), a small exhibition of decidedly choice and in the main small works, that yet comfortably fills the rather owkward and indeterminate space of the *Barbican's lower gallery*. *Rodin*, the founding father and still in many ways the presiding genius of modern sculpture, is so large a figure, so rich and various in his work, and so obvious in his importance, that it is all too easy to take him alone, extraordinary, phenomenal, unique. Well, he is those things, of course; but no artist can ever be entirely solitary and self-generating in his work, as in anything else, and it is always salutary to place one of such gifts and importance within the more general context.

No sooner is this done with Rodin than the questions crowd in; for where, we ask, does the Romantic leave off, or the Expressionist begin? The continnum here extends from the 1850's, and Daumier's wonderfully wicked satirical sketch of Napoleon III, to Maillol, Despiau and Gonzalez in the 1920's, from Carpeaux of the Second Empire to Picasso, Brancusi and Modilgliani. And in between come Maillol and Bourdelle, Rosso, Renoir and Degas (where is Dalou—a strange and regrettable omission?).

It is Rodin's peculiar genius to embrace them all: now as simple and restrained as Maillol, though infinitely more directly and openly erotic (could it have been the young Gwen John who posed for the magnificent Torso of 1909?); now the definitive Romantic with the great image of Balzac (small version); now the symbolist with the burghers of Calais, or The Thinker; now proto-Expressionist with The Cry; now as fluent an Impressionist as Degas with his jugglers and dancers—though it is Degas' small study of a *Woman Taken Unawares* which is my own particular favourite of them all.

On the upper level is a survey of the work of the Danish painter, Asger Jorn, who died ten years ago, covering the last 20 years of his life, a show first seen at the Guggenheim in New York and brought here by the Danish Ministry and the Jorn Foundation. It is certainly rather less immediately accessible to the general visitor than the work below, but it is none the less interesting. For Jorn too was an Expressionist and, rather more to the point, a significant participant in the movement towards abstract expressionism in its specifically European aspect, in the immediate post-War years, a movement quite distinct in itself, and parallel in its development to the categorical Abstract Expressionism of New York.

This work has been out of critical fashion for rather too long, and is ripe for reappraisal, especially so in the light of the resurgent figurative expressionism of the New Spirit, the New Wave and the Zeitgeist painters. For the painters of the COBRA Group of the '50s never lost nor disclaimed the figurative source of their imagery, whether it was in landscape, the figure or organic nature, and which they shared at root with the Americans. Loosely associative it may have been, cursorily stated and steeped in mythic and symbolic suggestion, but it was always there, and it is in this as much as anything that it should re*main* a potent *influence upon* younger artists. And at a time when American criticism is seeking at last to reconcile that American painting with its European roots, the European itself can only take on further interest. Jorn is an uneven artist, but at his best, which is often when he works on the largest scale, his work enjoys an authentic presence, a kind of grandeur. The marks hold their own, complete and self-sufficient, the paint reads as paint, and yet all resolves itself into an integral surface, rich and dense, suggestive in its imagery, and complete.

There is more Expressionism still at the Serpentine Gallery in Kensington Gardens, with a certain amount of Surrealism thrown in; or rather, perhaps, it is work around the point where Expressionism and Surrealism fuse, to generate a spark of particular energy. This small anthology that Andrew Walton and Michael Harrison have put together for the Arts Council is called "Alive To It All" (until March 20—then on to Hull, Plymouth and Sheffield), and its catalogue carries this epigraph from Miro: "To me it seems that a rich and robust theme should be present to give the spectator an immediate blow between the eyes before a second thought can interpose." Well, not so rich and robust a blow, we must hope, as effectively to countermand the hopeful injunction of the title, but the point is well made. The work, as Walton goes on to say, must speak for itself, albeit after some calmer and perhaps even rueful reflection upon that initial impact.

The work is mostly British, by a handful of painters and a couple of sculptors, each given substantial representation in the hand, and the whole ougmented by the presence of certain old masters of modernism, judiciously chosen: Miro, Klee, Laurens and Calder. Of the natives, George Fullard and Roger Hilton are dead, at 50 and 64 respectively, and none of the rest is under 40. This is most certainly a show of established practice, despite its gleefully aggressive, difficult and unrepentant, unaccommodating nature. It is all clearly intended to stimulate and even provoke, but if such freshness should take anyone truly by surprise, he can have only his ignorance of the art of our own time to blame.

Hilton's late gouaches are tours de force, childlike in their directness and simplicity but anything but childlike in their sophistication; and Ken Kiff's odd and tiny allegories have a monumentality that quite belies their size. But the surprises come from two artists not really known at all, from Patrick Hayman especially, now nearing 70 and drawing with all the confidence of first maturity. His small sculptures, fetish objects rather, are a delight.

And there is Francis Davison, whose works now also occupy the larger of the upstairs galleries at the Hayward (until April 17), in as handsome a show, and as teasingly ambiguous as one could wish for. They are all pure collage, layer upon layer of coloured paper, torn, folded and stuck together piece by piece.

## Shostakovich 15/Festival Hall

**Andrew Clements**

The capacity audience at the Festival Hall for Sunday's Philharmonia concert was attracted by the prospect of James Galway playing Mozart's G major flute concerto K.314. As well as the charms of Mr Galway they heard a compelling account of Shostakovich's fifteenth symphony, with the orchestra at the top of its considerable best form and Kurt Sanderling as inspirer and guide.

At Mr Sanderling's behest the Philharmonia's programme reprinted a note on the Fifteenth by Hans Bitterlich, that makes the case for the symphony not as the essential light-hearted relaxation after the anguish of the Fourteenth that some commentators maintained after its premiere, but as an authentically tragic, heart-rending work. It is a point that is surely accepted already in this country at least, and under Mr Sanderling it emerged even more darkly and bereft of warmth. Here, he demonstrated, is not just the sequel to the Fourteenth, but also the tragic sibling of the authentically symphonic Tenth. As well as the infamous quotations from Rossini and Wagner and a passacaglia based on a theme from the first movement of Shostakovich's own Leningrad Symphony, there are twisted antitheses to important motives from the Tenth, and the few moments of full orchestral sonority recall parts of that symphony more than anything else.

Yet the overriding emphasis of the work is on thinness, thinness of expression and of orchestration. The chamber textures of its predecessor recur again and again; themes are kept to the minimum of material. There are certainly passages that are weakly invented—parts of the slow movement, almost all of the scherzo—but few 20th-century symphonies create such a peculiar, unsettling atmosphere. Sanderling made no attempt to integrate the non-sequiturs, the abrupt transitions. His control of dynamic contrasts was startling, his shaping of the hobbled funeral march utterly certain. It may not be the finest symphony of the canon, but in such an impressive performance no other work of Shostakovich carries the same potential to startle and to confound.

## Electronic Music Now

**David Murray**

On Sunday another Contemporary Music Network tour began at the Round House, with a dozen dates in the provinces to follow. There was a capacity audience, mostly young—impossible to guess how many were attracted by the particular programme (which would presuppose some knowledge of the classical-electronic scene), and how many through general curiosity. As an initiation, in fact, the programme is admirably ordered and varied, granted that just two of the six pieces involve a live performer, the redoubtable Philharmonia trumpeter, John Wallace. In the purely electronic works there is always a prominent sound-projectionist conjuring with knobs, but one doesn't perceive him as related to the music in the same way; there were traces of the familiar awkwardness of an audience with nothing to do but listen. The actual soundscapes presented are of high, technically sophisticated quality, and grab the ear firmly.

To open the programme Wallace has revived Roger Smalley's *Echo III*, an aurally simple exercise, musically ingenious, for trumpet and its own delayed double echo on tapes: fun to follow, and a cool display-piece for the virtuoso. He reappeared only for the premiere of Tim Souster's *The Transistor Radio of St. Narcissus*, this time with flugel horn and a competing independent tape as well as electronic treatment of the live sound. This was the only piece to last more than a quarter-hour, and occasionally it was becalmed in inert Hammond-organ washes of harmony. The flugel horn part and its magical extensions were thoroughly attractive, however; the end was splendidly purple, with a marching pop-flavoured bass surmounted by the triumphant solo in far-flung multiplication.

Alejandro Vinao's *Go* is derived from taped voices and percussion, and apart from electronic titivation its musical devices are tame and ordinary—some sub-Stravinsky, weak rhythmic movement. By contrast Denis Smalley's *Vortex* consists mostly of synthesised sound, little of it pitched, and relies heavily upon apocalyptic effects of the sci-fi sort: very imposing as melodrama, musically hit-or-miss. There are breathtaking transformations of real sounds into different real sounds, eerily smooth—a computer-technique—in both Michael McNab's *Dreamsong* and Jonathan Harvey's *Mortuos Plango, Vivos Voco*, and much imagination too. *Dreamsong* is brilliantly concise and suggestive; Harvey works over the Winchester Cathedral bells and the voice of a choirboy in intriguing patterns, ripely sonorous.

## Royal Opera for Olympics

The Royal Opera, Covent Garden, is to visit the U.S. for the first time next year to take part in the Olympic Arts Festival which is coinciding with the Olympic Games in Los Angeles. The announcement was made to coincide with the visit of the Queen to California.

The Royal Opera, under its music director Sir Colin Davis will give 11 performances of three operas—*Peter Grimes*, *Turandot*, and *Die Zauberflote*. They will take place at the Dorothy Chandler Pavilion in the Music Center, Los Angeles. *Turandot* will have its premiere in Los Angeles before opening the 1984-85 Covent Garden season in *London*—the first time s Royal Opera premiere has taken place abroad. The production will feature Gwyneth Jones in the title role, Placido Domingo as Calaf and the American soprano Leona Mitchell as Liu.

Benjamin Britten's *Peter Grimes* has Jon Vickers in the title role with Sir Geraint Evans and Heather Harper also in the cast. Mozart's *Die Zauberflote* stars Stuart Burrows, Helen Donath, and Thomas Allen.

The financing of the project is supported by the Midland Bank of London-Crocker Bank of California, with help from the British Council, the Los Angeles Organising Committee, the Music Center Opera Association and the American Friends of Covent Garden.

## Bolet/St John's, Smith Square

**David Murray**

Jorge Bolet was in magnificent form for this BBC Lunchtime recital yesterday, one of those occasions where the odd wrong note amid all that superlative playing left no trace. He began with Mendelssohn's op. 28 Fantasy, an unremarkable piece which he graced with luminous sound and simple tact; he concluded with Rakhmaninov's exuberant transcriptions of Kreisler's "Liebesleid" and "Liebesfreud," tingling with cheerful brilliance, and threw in a darkling Elegy (for left hand alone) by Godowsky.

In between came the B minor Sonata of Chopin — a masterly performance: I have not heard its equal in years, though the work is played dozens of times every season. Bolet is one of the few pianists who takes Chopin's "Allegro maestoso" for the first movement perfectly seriously. Majestically unhurried, the principal material had full, gravity and splendour, but the sequences of filigree were kept moving purposefully, continually freshened by new expressive ideas. The same easy sublety informed the Trio of the Scherzo, placed between the main cascades, lightly teasing in Bolet's best style.

He left only token pauses for breath between movements, sealing the impression of a single developing structure, where your average pianist is content to offer four contrasted pieces. On Bolet's deeply-thought reading, the Largo held the still centre, lit up with reminiscences of the other movements: limpid, inspired playing, quite free, inner voices surfacing gently and poignantly. The Finale towered — again Bolet judged Chopin's "Presto non tanto" exactly — without any hard driving; the obsessive rondo-theme was never hammered, but swelled urgently toward each key-change. Superb rhetoric, nobly declaimed.

## Saleroom/Antony Thorncroft

The jewels market continues to maintain its firmer tone. At Sotheby's major sale in the Kulm Motel, St Moritz, held as always to entice the rich skiers, most of the top lots sold, and the total of SwFrs 10,605,285 (£3,420,415) had a bought in percentage of 25, reasonably low for jewels.

Top price was the £105,806 for a diamond necklace while a pearl necklace with 79 pearls realised £145,484. A sapphire and diamond ring was way over forecast ot £117,097 and a diamond tiara, made around 1830, went to the London dealer Graff Diamonds for £88,710. A feature of the sales was the improvement in demand for middle range items and, as well as diamonds, pearls and saphires found buyers.

Sotheby's also held a good auction of Chinese works of art in New York over the week end. A twelve panelled coromandel screen went for £37,993 and an Imperial embroidery, Quianlong, sold for £22,434, a record for an item of Chinese textiles.

On April 7 at Christie's the journalist and author Auberon Waugh is selling the Burges "philosophy" cabinet, the much exhibited cabinet of the eccentric Victorian architect William Burges who specialised in the design of exotic furniture, stained glass and jewellery. The cabinet takes its name from its decoration which depicts the troubles of philosophers and literary men. Its price is expected to exceed £30,000.



# Arts Guide

*Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.*

## Opera and Ballet

February 25–March 3

**PARIS**

**Prokofiev's** Love of Three Oranges conducted by Claude Schnitzler. Opera Comique. (296 1220)

**Fledermaus** conducted by Ralf Weikert with Gino Quilico alternating with Alan Titus, Ileana Cotrubas with Barbara Daniels, Norma Burrowes with Janet Perry and Siegfried Jerusalem with Neil Rosenshein as well as Figaro's Hochzeit, conducted by Ralf Weikert with Margaret Price in the role of the countess and Jose Van Dam as Figaro. Paris Opera (742 5750)

**Zauberflöte** conducted by Gyorgy Fischer at the TMP-Chatelet (261 1983)

**LONDON**

**Royal Opera, Covent Garden**: The Carmen revival, led by Agnes Baltsa, Jose Carreras and Benjamin Luxon (all new to their roles in the house), marks Colin Davis's first Royal Opera encounters with Bizet. (240 1066).

**New Sadler's Wells Opera**, Rosebery Avenue: All three operettas in the first season of this brave new company are on show this week – Lehar's uneven Count of Luxemburg, a fresh and spirited Mikado with Nickolas Grace a first-rate Ko-Ko and Kalman's little-known Countess Maritza. (278 8916)

**Royal Opera House, Covent Garden**: The Royal Ballet presents Sleeping Beauty, to be followed on March 3 by a new MacMillan triple bill of Orpheus, Requiem (set to Faure, staged in Stuttgart a few years ago and now making its first Royal Ballet showing) and a new work to music by Tchaikovsky and Martinu.

**NEW YORK**

**Metropolitan Opera** (Opera House, Lincoln Center): The week's performances include the first seasonal performance of John Dexter's production of Verdi: Don Carlo, conducted by James Levine with Placido Domingo, Mirella Freni and Grace Bumbry, as well as Arabella, La Boheme and Adriana Lecouvreur. (580 9830).

**Jennifer Muller and The Works** (City Center, 55th e. of 7th Av): Better known in Europe than in her native America, Muller and her dance company arrive in New York with two world and three local premieres in the four programmes of mixed repertoire. (581 7907)

**WASHINGTON**

**Dance Theatre of Harlem** (Opera House, Kennedy Center): Classically-trained dancers with a special interest in American forms and traditions have blossomed in one of America's best loved troupes. Their three-programme repertoire includes three premieres along with five familiar, pieces, among them Firebird by John Taras and A Streetcar Named Desire by Valerie Bettis. (254 3770).

**CHICAGO**

**Porgy & Bess** (Arie Crown): This full scale revival with 90 actors and 56 piece orchestra will go on to New York to mark the 50th anniversary of the Gershwin classic of melodious heartbreak in the ghetto. (791 6000)

**VIENNA**

**Staatsoper** (5324/2655): Die Schweigsame Frau Arabella. Der Barbier von Sevilla.

**Volksoper** (5324/2657): Der Vogelhändler, Der Graf von Luxemburg, Die Entführung aus dem Serail.

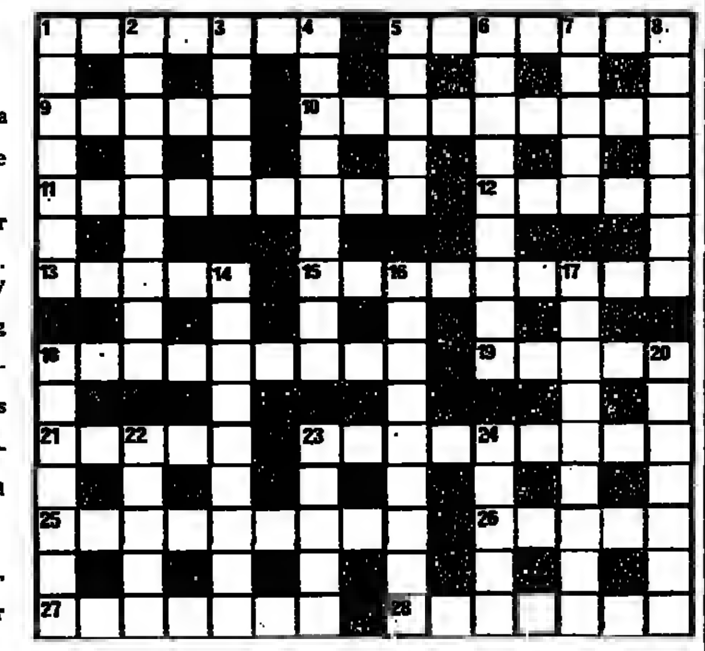
**WEST GERMANY**

**Berlin** Deutsche Oper: Tannhäuser with Gwyneth Jones and Harald Stamm; Götz Friedrich's production of Alban Berg's Lulu with Karan Armstrong in the title role; La Boheme with Pilar Lorengar and Barry McDaniel; Boris Godunov with Martti Talvela and Sieglinde Wagner. (34 381)

**Hamburg** Staatsoper: Fidelio with Rainer Goldberg and Lisbeth Balslev. Rossini's Seramis in a concert versioo with Montserrat Caballe and Francisco Araiza. An ultramodero production of *The Magic Flute* by Achim Freyer completes the programme. (35 1151)

**Frankfurt** Opera: Madame Butterfly has Akiko Kuroda in the title role. Also Rigoletto, Der Türke in Italien, and The Magic Flute. (25 621)

## F.T. CROSSWORD PUZZLE No. 5,110



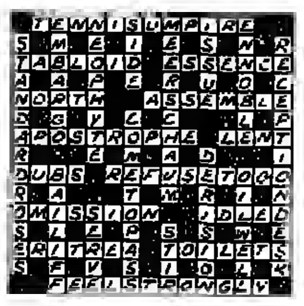
**ACROSS**

1 Sort of party, i.e. child's gathering (7)
2 On the female side, the little girl's mostly sweet (7)
9 Swift brute (5)
10 Implement the account for a bird (5-4)
11 Dashed back to the artist-politician? It's like a story (9)
12 The limit's right for parking object (5)
13 Striker loses head and consumer is brought in (5)
15 Music centre of former days (9)
18 "Wine's run out" is forecast (9)
19 I had been in front then dawdled (5)
21 Powder (oriental) coming back to striking effect (5)
23 Engage user, losing energy, to be lubricator (6, 3)
25 The islander is no longer independent (9)
26 Wife returns, about to be angry (5)
27 Certain sort of shedding (7)
28 Lay sock, torn, in yellow bag? (4-3)

**DOWN**

1 It's hot stuff to be long in punishment (7)
2 He's pleased if of good will (9)
3 Mental pictures (5)
4 Seen around the garden, he'd taken shelter (9)
5 It's foolish to confuse (5)
6 Island of activity (9)
7 Inclined at one officer (5)
8 Turns take place round here (7)
14 Erne's spinning attempts—returns to atmosphere (2-7)
16 Tricky Western town? (5, 4)
17 English girl troubled with promises is very strict (9)
18 Informal gift (7)
20 Being full of energy, disturbed many C.I.D. characters (7)
22 Sketched or told stries about the North (5)
23 Having nose for pot? (5)
24 Grass is always inclusive of this fibre (5)

Solution to Puzzle No. 5,109



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Tuesday March 1 1983

# Testing times for Venezuela

HAVING CLOSED the foreign exchanges for a week to stem the outflow of foreign reserves the Venezuelan Government has announced the final details of a financial package designed to put the country's finanres on a firmer footing.

While the exchange rate of the bolivar is maintained at 4.3 to the U.S. dollar for transactions such as debt repayment, imports of essentials and the expenses of the thousands of young Venezuelans who are studying abroad, two new rates are also decreed. Importers of rommodities other than staples will have to pay six bolivars for their dollar while the general public will have to pay a free rate decided by the market for their dollar requirements for such activities as foreign travel.

As the debate among ministers took its course in Caracas last week Dr Humberto Calderón Berti, the oil minister, was travelling to North America, Europe and the Middle East in a bid to minimise the disorder in the oil market. Oil exports provide all but 6 per cent of Venezuela's export revenue.

### Problems

The debate and the Minister's trip pointed up one principal factor in the loss of confidence in the bolivar. No country which is so dependent on oil exports for its living as Venezuela, and which does not have the massive foreign currency reserves of a Saudi Arabia, can expect to emerge unharmed when the price of crude plummets.

But Venezuela's problems have been worsened by the country's cavalier approach to foreign borrowing. The country's foreign debt consists of some $25bn (£16.5bn) on the public sector account and $4bn, borrowed by the private sector. Much of this debt was contracted with little supervision by the Central Bank of Venezuela and is heavily weighted towards the short-term.

Nor do the Venezuelans appear to have been able to administer their foreign debt. Payments schedules have been ignored and obligations met in a haphazard fashion. Foreign lenders have twice in the past few weeks had to seek the help of the courts in getting their money back from Venezuelan debtors; on the first occasion the debt carried the guarantee of the Republic.

### Assistance

In such circumstances it is questionable whether the financial package just announced will prove adequate to restore confidence in the bolivar. The three-tier exchange rate is unwieldy and subject to the vagaries of administrative inefficiency. An added danger is that of corruption, an evil which neither of the rountry's political parties. President Luis Herrera's Christian democrats nor the opposition social democrats, have appeared to be able to control.

Venezuela might be better advised, and its creditors better pleased, if President Herrera and his newly-appointed Finance Minister, Dr Arturo Sosa, opted for a stand-by agreement with the International Monetary Fund and accepted a degree of fund assistance in managing the debt.

There remains one important factor outside the control of Venezuela and of the IMF, the propensity of foreign private bankers to withdraw their interbank lines of credit to Venezuelan institutions. In recent weeks the Banco Industrial de Venezuela has been hard hit by this practice. Venezuela is far from being the first Latin American victim of the unwillingness of private banks to keep up the level of deposits they were all too eager to build up when Venezuela was in a more prosperous condition. Mexiro and Brazil suffered grievously last year.

If Venezuela and the IMF broadened their area of co-operation they might join together and persuade the private banks to maintain their lines to Venezuelan banks.

*Venezuelan finances are still* some way from being successfully under-pinned and Dr Sosa's meeting later this week with creditor banks in New York will be important in charting the country's economic future. Whatever the outcome of the meeting in New York, President Herrera and his government will have to act with more energy and application than they have in the past if they are to restore the credibility of Venezuela's finances.

# Sad work for an ex-Chancellor

AFTER the thoughtful and balanced statement of defenre policy produced recently by the Liberal-Social Democrat Alliance, it was reasonable to hope that the shadow budget offered by the Alliance yesterday would also bring some enlightenment amid the slanging. These hopes are disappointed. Many of the measures proposed are perfectly reasonable, if a little dog-eared. They are impossible to assess as a package, however, because of their presentation — not the stale invective of the introduction, but the *misleading* arithmetic.

When Jane Austen's John Thorpe wanted to exaggerate the wealth of his intended (but totally unwilling) bride Catherine Morland, he achieved an impressive figure by "doubling her father's supposed preferment, trebling his private fortune, bestowing a rich aunt, and sinking half the family."

The Alliance, learning from this technique, reconciles an ambitious programme with a relatively modest total for public sector borrowing by starting from a low "no-change" deficit, shading the cost of its proposals, sinking the full-year rosis, and begging the central economic question of our time: does a large deficit actually stimulate activity?

The results of all this sleight-of-hand are not trivial. Most egregious is the table showing the cost of abolishing NIS and reducing VAT to 12½ per rent as £1bn.

### Changes

This strikingly low figure is achieved simply by proposing that the changes should be made in October rather than in March; the cost for a full year would, of course, be £2bn. Equally, the proposal to redure unemployment by increasing public sector capital formation (of which we approve in principle) is presented with a first-year cost of £850m in supplementary borrowing.

Given the fact that such programmes take a long time to get moving, the full-year costs would again be very much higher; and since this is offered only as the first instalment of a job-creation programme, there would presumably be a further increase in programmes in the second year. The final impact on borrowing is anybody's guess.

### Thinking

The sad thing is that the underlying strategy here—to concentrate Budget measures on those having the greatest impact on employment or on costs and prices—is a sensible way to pick priorities, on which some good groundwork has just been published by the National Institute of Economic and Social Research. A serious study of such measures, their cost and their potential, would have been welcome. These wishful calculations do not help.

There is also a sad lack of any really radical thinking. In the past the financial experts of the SDP have had some interesting things to say about housing finance and other tax expenditures; there is no trace of such thinking here. The Liberals have long played with a site-value basis for local taxation, and with profit-sharing inrentives. Again, these thoughts are now veiled. The sum is smaller than the parts.

There remain some proposals worth further study — notably the idea of an employment subsidy for companies which create new jobs for the long-term unemployed (though this might cause cries of "Foul" from Brussels). There are some which should be dropped, such as the Liberal-inspired proposal to exempt motor fuel duties from indexation for the sake of rural motorists. This is exactly the wrong strategy to adopt during a temporary oil glut.

As a whole, though, the list cannot be taken seriously, even if it has been "rigorously tested against the Treasury forecasting model"—indeed, we would like to impose a long close season on the propaganda abuse of this notoriously open-ended computer programme. It is sad to see Mr Roy Jenkins, who was a distinguished and imaginative Chancellor, lending his prestige to the idea that a new middle way can be found by combining Socialist objectives with conservative costing.

$1,000bn INTERBANK MARKET

# A jolt to be remembered

By Peter Montagnon, Euromarkets Correspondent

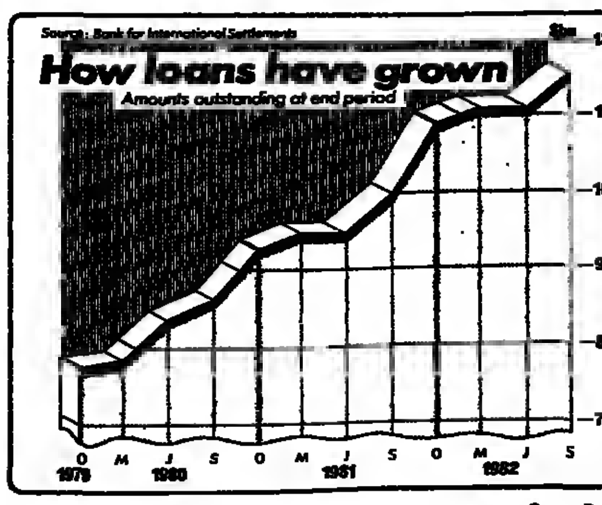
"I THINK we should sue Mexico in the courts for what they have done to us." This bitter remark from a Brazilian diplomat does not reflect his country's official policy but it does dramatically underscore its anguish and frustration at the way in which Mexico's debt problems spread southwards to Brazil like a contagious disease.

Last August when Mexico said it would no longer repay principal owed to banks on its $80bn foreign debt it was easy to predict that the shock waves would eventually affect other big borrowers such as Brazil whose total debt at the end of last year stood at $83.8bn. What has come as a surprise has been the speed at which the trouble spread and the depth of the resulting problems.

More than anything else this has been due to the behaviour of banks operating in the short-term money market. The past week alone Brazil has been struggling to restore money market lines to its banks abroad and a Venezuelan bank, Banco Industrial, has been sued for non-payment of an interbank line totalling $30m.

Faced with the potential problems of a large sovereign borrower such as Brazil, many banks sought to cut their exposure where they could. Nowhere is this easier than in the money markets where interbank loans can be as short-term as one day and rarely exceed one year. In the space of a few months *Brazilian banks lost* more than $4bn in deposits, adding seriously to the country's growing foreign exchange liquidity squeeze.

LORD RICHARDSON
maintenance of exposure




Brana Radovic

CARLOS LANGONI
"drastic tightening"

### Struggle to bring lenders into line

"This drastic tightening in liquidity has been dramatically felt in the interbank market where adverse market reactions to the Mexico/Brazil situation have impacted on Brazil," according to Carlos Langoni, president of the Central Bank of Brazil. "Money market lines of credit to Brazilian banks were cut despite their well-established reputations for professional management."

*Even yesterday* when the International Monetary Fund was due to approve fresh loans for Brazil of about $5.4bn, these lines had not been fully restored.

The past few weeks have seen an agonising struggle on the part of Brazil and the IMF to bring recalcitrant lenders into line. This has extended to an unprecedented "smear campaign" in which the names of the worst offenders have been widely circulated within the banking community. That such a campaign has been only partially successful bears witness to the way in which money market lines have begun to play a crucial role in international debt problems, posing new challenges to those whose job it is to solve them.

Withdrawal of short-term loans is not a new problem for countries in balance of payments difficulty. Poland's Foreign Trade Bank, Bank Handlowy, lost about $500m in the space of a few weeks in 1981 when the country first applied to reschedule its debts. Last year the Hungarian National Bank lost more than $1bn in the first quarter, although these withdrawals came mainly from official institutions in Iraq, Libya and the Soviet Union rather than from commercial banks.

Brazil has brought a new dimension to the problem simply because its banks were more active in foreign money markets than those of almost any other developing rountry. Adding to this new dimension has been the unusual way in which the money market problems have been tackled in the debt rescue package worked out between Brazil, the IMF and two leading creditor banks Citibank and Morgan Guaranty.

In previous cases where short-term lines have been cut, the response on the part of the borrower has been simply to insist that the withdrawals cease as part of an overall debt rescue arrangement. This is not too difficult. Strong pressure can be applied to banks which still seek to remove their funds and it usually works. In Brazil's case, however, creditor banks have been asked to lend back the money they had already withdrawn from the short-term markets.

On purely administrative grounds this is a much harder job. In a world-wide money market that may turn over tens of billions of dollars a day it requires a tremendous effort of detection to find exactly who has cut their lines on an overall basis.

A bank may be told, for example, to restore a line withdrawn from the Banco do Brasil in New York and reply that after cutting that line it increased its deposits with the Banco do Estado de Sao Paulo's offshore unit in Bahrain. The computers at Bankers Trust which was co-ordinating this part of the rescue package had to work overtime to find out who really lost and who gained.

But once the computers had exposed the black sheep, many of them resisted efforts to bring them into line. Put simply their main reason was that the rewards were not commensurate with the risks. The maximum margin Brazil was willing to pay for the restoration of interbank lines was 1 per cent over London eurocurrency rates.

Medium-term lenders to Brazil receive a margin of 2¼ per cent, and the feeling among those being asked to help Brazil through the money markets was that the price offered was too low. Brazil's economic problems were such, they argued, that it would eventually have to insist that its interbank lines be kept up for longer than the one-year period now being sought.

A 1 per cent margin is, however, exceptionally high in the interbank marker where the least favoured banks rarely pay more than ¼ per cent over the going rate. The Brazilian package has attempted to transform the short-term money market, that traditionally acts simply as a clearing house for surplus funds, into a potential instrument for the direct provision of medium-term funds. Suddenly the risk for contributing banks was no longer based on an individual institution's ability to repay but on the sovereign creditworthiness of its parent country.

Some bankers argue that the interbank market was ripe for a jolt of this nature anyway. For years it has been discreetly used by many borrower countries, even such highly-rated ones as Franre, as a way of evening out their balanre of payments. Brazil's experienre and the shock caused by the nationalisation last year of Mexican banks with $6bn in interbank liabilities has simply brought the dangers of this practire into the open.

From now on there is little doubt that money market dealers will be much more selective about whom they trade with. This is one lesson that has already been learned from the crisis and central banks will not be unhappy if the interbank market slowly shrinks as a result.

### Kept solvent by concerted action

What is still missing, however, is a really effective way of tackling the interbank lines problem in any debt rescue package. More medium-term money and less emphasis on interbank lines would certainly have made Brazil's rescue package easier.

Sad to say, leading banks and the IMF are almost bound to have the opportunity to put new ideas to the test. Already last week a key Venezuelan bank, Banco Industrial, was declared in default by European Banking Company for non-payment of an interbank line totalling only $30m. Like Brazil's banks before, it has begun to suffer from a withdrawal of credit as the country's economy deteriorates and now it is being kept solvent simply by the concerted action of leading banks in New York.

Just who should be responsible for Banco Industrial? Should it be the Venezuelan Central Bank, the Federal Reserve, leading money centre banks acting in the interests of the system as a whole, or all its world-wide creditors? Banks from developing countries have no natural lender of last resort, but many bankers feel that they will need one if they are ever to resume normal business in the money markets once the crisis is over.

## HOW THE SYSTEM WORKS

**THE INTERBANK system, through which banks place deposits with other banks, is the vital lubricant which prevents the entire world banking system from seizing up. It is more than ten times larger than last year's $82bn international syndicated loan market and is thought to involve around $1,000bn of bank-to-bank deposits.**

**Put simply, the interbank market is the means by which banks are able to dispose temporarily of excess *liquidity by placing the extra* funds on very short-term deposit with other banks.**

**These short-term deposits can range from overnight to 12 months. Each time a bank money market dealer is asked for rates, he provides two—a bid and an offered rate.**

**The bid rate is the lower of the two quotes. Thus a bank may be prepared to pay, say, 9¼ per cent for another bank's deposit. This is its bid rate. But if offering deposits itself, the bank might demand 9½ per cent, its offered rate.**

**In practice one bank will never ring specifically to offer a deposit; instead it will simply ask for the two rates and then announce its intentions (known as "hitting" a quotation). This allows a bank to "ring round the market" and obtain a variety of quotations.**

**The value of the interbank market for the banking system is two-fold: it allows for the smooth functioning of the system by providing the machinery for the temporary placing of surplus funds and it helps banks to balance short-term assets and liabilities.**

**The interbank system can be put at risk, however, when it is abused. Its normal function, for example, is not as a device through which countries finance their balance of payment problems. Yet there is evidence to suggest that debtor countries have made use of it for this purpose.**

**What appears to have happened last year is that debtor countries such as Mexico and Brazil allowed the foreign branches of their banks to push the interbank markets in New York and London as hard as they could, obtaining as many deposits as possible. When, in the case of Mexico, the banks were nationalised last September and the Government required all their dollar holdings to make interest payments on the national debt, the status of interbank lines came into question.**

**A series of contradictory statements from Mexican government officials (some saying the interbank deposits obtained by Mexican banks would get caught up in the three-month moratorium on principal repayments) caused a jolt to the world banking system at least as serious as the news of Mexico's August insolvency.**

**Imagine the situation, for example, in which a major British clearing bank had deposited $100m with a Mexican bank for a period of 90 days. The UK bank might have a large corporate customer, an ICI or a BOC, which demanded a $100m deposit it had made. If the Mexican bank did not honour its interbank commitment then the UK bank could find itself without sufficient liquidity at the time it expected it. The UK bank could perhaps then seek additional interbank deposits elsewhere, but this could begin to place a strain on the banking system. It is this type of chain reaction in the interbank market which bankers fear most.**

**A veteran London-based banker summed it up this way: "The interbank market must be sacrosanct. It can suffer general contractions without too much of a problem, but if it is not honoured by banks then one can see, mechanically, how the world can come to an end."**

**Fortunately, the interbank market has withstood the buffeting it received during the latter months of last year. Although the first three quarters of 1982 showed a slowdown in new credit business of as much as one third compared with the same *period in* 1981 ($75bn of new business against $110bn), the market continues to function reasonably smoothly, according to Bank for International Settlements figures released in January 1983.**

**None the less, the importance of the interbank system was underscored last month by Lord Richardson, Governor of the Bank of England. He said the size of short-term deposits taken by foreign branches of international banks were "so large that any significant withdrawal of them would have jeopardised the whole package of support facilities" for debtor nations.**

**The Governor went on to say the Bank had "felt it right to let the market know that we regarded maintenance of exposure to these branches as very desirable given the needs of the moment."**

**Other central banks, particularly the U.S. Federal Reserve Board, took parallel action. In this way the central banks acted—and continue to act—to ensure that any attack of nerves in the interbank system will not prove dangerous.**

**Alan Friedman**

# Men & Matters

## Now and then

Have the odds against a June general election lengthened with Margaret Thatcher's appointment of political writer Tony Shrimsley as director of press and public relations for the Conservative Party?

It seems to have been one of his articles arguing against an early election that finally convinced the Prime Minister he should have a place in her team.

Tory Party chairman Cecil Parkinson is said to have been greatly dismayed by the fervour with which Mrs Thatcher embraced the Shrimsley case.

But Shrimsley himself, just three weeks later, is already more cautious. "I suspect the election timing depends now on events like the Darlington by-election and the May local elections," he says. "My own inclination would still be to wait. But there is a cogent case for going to the country soon."

It is not Shrimsley's views on this issue alone that disturbs a section of the Tory hierarchy. Some see his appointment as *further proof* of her right-wing intents.

Shrimsley would deny it. He has never been a member of a political party, though he has been writing about politics for 25 years.

Before he became editor-in-chief of the ill-fated Now! magazine, he had been political editor in succession of the Sunday Mirror, the Sun, and the Daily Mail. And his views seemed to change with his background.

He was an admirer of Hugh Gaitskell, and wrote a flattering account of the First 100 Days of Harold Wilson, before becoming, as he says, "disenchanted." and shifting towards the Conservatives under Ted Heath.

Shrimsley, who is 48, has been close to Mrs Thatcher ever since she challenged for the party leadership—and was once tipped as her Downing Street spokesman.

"But I never thought I would cross the fence into politics," he says. "I was wondering what I should do next—and this prospect seemed to be exciting — whenever the election comes."

## Come to dust

Dr Nicholas Imparato, you might say, has come to Britain to clean up.

The executive vice-president of Coit, which claims to be the world's largest cleaner of curtains, carpets and upholstery, is in London from San Francisco to plan the expansion of its British operations.

Coit bought London dry-cleaners Pilgrim Payne — who keep the Queen's furnishings spick and span—in 1980, but has been too busy until now in North America to devote more resources to it. The aim is to boost the British business and then use it as a base from which to move into Europe.

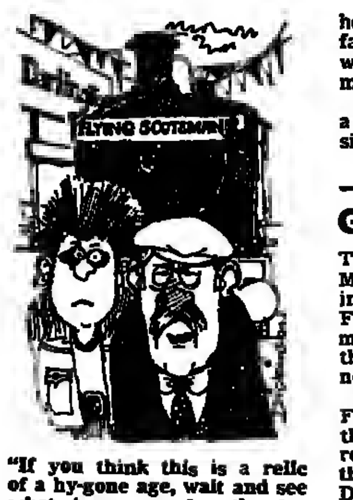
Brooklyn-born Imparato, a psychologist and long-time professor of management, quit his academic career in 1981 to join Coit, bringing with him new management and marketing expertise.

The group now has a yearly turnover of $15m and is generating profits that are rapidly being ploughed back into a wider spread of activities.

Coit has gone into real estate in Chicago, cosmetics in Toronto, the manufacture of dish aerials in North California, and this year is due to open a TV station in North Carolina.

Once Pilgrim Payne's potential is being used to the full, Imparato says, the same kind of flexible, entrepreneurial strategy will be pursued in Britain.

Coit, he says, did not get where it is today without being able to give firm guarantees against shrinkage.




"If you think this is a relic of a by-gone age, wait and see what turns up for the by-election"

## Sticking together

I had not realised the risks we are undergoing in the use of glues until I heard of Hermetite's new super glue remover.

Modern adhesives have much to answer for: that is clear.

The Department of Trade has turned up evidenre that people are becoming "stuck-up" in an amazing variety of ways. A girl stuck a towel to her lip. A man stuck himself to his telephone. A sporting buff was trying to stick an arrowhead back on. He ended up with the arrow stuck to his leg and had to go to hospital to have it removed.

Meanwhile the underworld has not stood idly by. A man has been stuck to Vauxhall Bridge by vandals. A public toilet in Somerset has had to be demolished in order to free the occupant from the seat—which had been basted with super glue.

Hermetite claims that its new super glue solvent will be an essential item of equipment in homes, schools, offices, and factories. It is a sort of jelly which nullifies the effects of the most tenacious sticky stuffs.

It's good to be able to report a happy ending to a sticky situation.

## Girl talk

The voice computer in BL's new Maestro car will speak in soothing female tones to British and French drivers but in a sterner masculine voice to the Germans, the Italians and other Continentals.

Is this the final proof that the French like to be seduced by their cars? Have the British now rome to identify the female as the true voice of authority? Does masculine German pride object to being told by a woman to "belt up"?

The answers are more prosaic. The various languages were tested to see how they emerged after being "digitised" for the computer. The computers were then "sexed"—BL's term — according to what sounded best.

The 32-word voice synthesiser orders the seatbelt to be worn and also tells the driver things like "handbrake on."

Nicolette McKenzie, an actress and the Maestro's voice for Britain, admitted yesterday to some anxiety that drivers who are nagged at home may rebel at getting the same treatment from their car. She says: "When I did the tapes I aimed to project a calm voire appealing to both men and women."

## High fashion

From an aerosol advertisement: "Artificial fibre? Wool? No matter what your overcoat is made of, this miracle spray will make it completely repellent."

**Observer**

# Letters to the Editor

## Need for confidence in change

*From the Director General, International Labour Office*

Sir,—The Financial Times has, by publishing Ian Hargreaves' edmirable series of articles on unemployment in Europe, rightly focused on the most pressing problem of the day — the threat to the very foundations of industrial economies by the incipient growth in unemployment crisis in post-war remembered is that the world as a whole, and not Europe alone, is sinking into its worst unemployment crisis in post-war history — but a co-ordinated response to resolve the crisis is as far away as ever.

I want to stress the importance of a global rather than a regional or national approach to tackle the problem. It must be realised by the industrialised nations that economic development of the south is an essential pre-requisite for prosperity in the north.

Six years ago, ILO economists estimated that 2.4m jobs in the north were directly linked to exports to the Third World while only 850,000 jobs could be regarded as lost through imports from the south. An economic revival in the north through an increased investment flow to the south and the consequent stimulation of demand for imports from industrialised countries should prove less inflationary than a reflationary policy based solely on an expansion in domestic demand.

In its own interest, Europe should adopt a policy of more open trade relations, more generous aid and far greater effort to help developing countries to overcome their balance of payments difficulties. I am well aware that political considerations often make it difficult to practise what one finds so easy to preach. But one should not forget that helping others does not necessarily mean ignoring the interests and welfare of one's own people.

For every person without a job in the industrialised world today, there are at least 14 in the developing world who are under-employed or totally unemployed. Their economic plight is rarely cushioned by social security or unemployment benefits. Any attempt to tackle the problem of the estimated 32m under-employed in the industrialised world while ignoring the infinitely graver problem of the 500m under-employed or unemployed people of the developing world would be self-defeating in the long term.

As Hargreaves has pointed out, the present crisis is one that growth alone cannot solve. The ILO has calculated that the economic pre-condition to full employment by the end of the decade is a 4 per cent growth in gross national prodnct. Last year the Organisation for Economic Co-operation and Development nations as a group recorded a minus growth of 0.5 per cent and for this year, the best available forecast is 1.5 per cent growth.

While there are no cut and dried solutions m the unemployment problem, there are measures which can be implemented to relieve the pressure — expansion of global investment, closer co-operation between north and south, and increased flow of trade. In the long term, however, new forms of employment and new patterns of working life, involving shorter working bours, part-time employment, multiple jobs, and job-sharing will all have to be tried out.

We now live in a one-world situation with no more cosy corners of prosperous isolation. We have to accept innovative changes in our life patterns and demonstrate our confidence in change.

Francis Blanchard.
ILO,
*Geneva.*


*The Unemployment in Europe series appeared on January 7, 17 and 24 and on February 1*

## Lessons of the Dutch disease

*From Professor P. Odell*

Sir,—Your editorial (February 23) suggesting that the Netherland's economic problems are a function of its energy self-sufficiency is both unhelpful and incorrect. There is no evidence that the Dutch economy has suffered any more from the symptoms you describe than other similar West European countries which do not have low-cost energy resources.

As Dutch Elm disease is a British phenomenon, so it is with the so-called "Dntch disease"—it is a British invention. Your allegation of a misuse of government revenues from Dutch gas prodnction for social welfare payments ignores two essential points. Dutch social welfare provision is little different from that in other N.W. European countries (except Britain and Ireland): the contrast between the Netherlands and, say, Denmark or Belgium in this respect is that gas revenues made such provision possible for the former while the latter were not able to afford it and hence have a range of economic problems not faced by Holland to anything like the same extent. A large percentage of Dutch gas revenues have been spent on the country's economic and social infrastructure. These expenditures will stand the country in good stead in the medium to longer term—when competing countries which have failed in this respect are suffering the consequences — economic, social and political—of neglect.

On the gas sector itself you observe, "Dutch production of gas has passed its peak." This is untrue. Currently almost 30 per cent of Dutch producing capacity is shut-in because of the lack of demand. Given a revival in the latter, both here and in neighbouring countries, then gas production could rise to a higher annual level than that achieved in the late 1970s. Tha really serious mistake made by Dutch economic planners was that of deliberately constraining gas production and the expansion of markets at a time when they were there for the taking. Unhappily, the planners insisted that gas output be limited for fear of exhausting the known reserves too quickly. What they forgot was that reserves develop *pari passn* with use. They thus priced the commodity too high for the market in the short term, and the not surprising result is a reduction in sales as a result of competition from other nations' gas and from conservatinn. The government's current account deficit arises to a large degree because gas sales are now 25 x $10^9$ $m^3$ per year less than was anticipated.

Restrictive gas depletion policies and too-high pricing of natural gas thus lie at the heart of the current Dutch economic difficulties. The National Social and Economic Council has belatedly recognised this in its call for a change in gas policy so as to enable more of the resource, in which the Netherlands has the greatest comparative advantage, to be sold in domestic end European markets, rather than its being left in the ground—of use to neither man nor beast.

It is this Dutch experience of the "unused talent" which ought to be most noted in the UK where oil and gas depletion and pricing policies, similar to these which are now costing the Netherlands so dearly, in terms of unemployment and lack of growth, threaten Britain's economic prospects even more seriously.

(Professor) Peter R. Odell,
*Erasmus University,*
*Postbus 1738,*
*3000 DR Rotterdam.*

## Direction of the health service

*From Mrs G. Dunwoody, MP*

Sir,—I was very interested to read (February 23) Chris Dunkley's comments on the Weekend World inquiry into the bealth service. The programme was littered with minor factual errors such as the claim that only 10 per cent of the drugs hill comes from hospitals; Government figures and all Parties agree this is close to 50 per cent. Were the errors simply of this type I could have dismissed them as depressing but not important. The programme, however, completely missed the argument supported at least in name by all Parties that health care must be shifted into education, prevention and primary care. Instead we were given the impression that a shift from brain scanners to simpler hospital activities would solve the problem and at no extra cost. On three occasions before the programme I told Weekend World researchers that this was false and that they would get the same answer from any politician. They ignored this advice and were confident that their research in Bristol confirmed their view. I recently received a letter from a doctor, seen on the programme asking for a brain scanner. He says that he went to great lengths to explain that equipment was the least important problem to him and that correct resource allocation, cost benefit analysis and prevention were more effective. All of this was cut out to fit the preconceived views of the Weekend World researchers.

This programme apparently had double the audience it might bave expected. It was long enough that a really detailed understanding of how the health service works could have easily been imparted to those watching. As it is that opportunity is now lost simply because the Weekend World team was not interested in bearing the views of anyone who actually deals with the health service.

(Mrs) Gwyneth Dunwoody.
*House of Commons, SW1*

## The Revenue and Parliament

*From Mr E. Nugee, QC*

Sir,—Mr Wiggin's letter (February 18) contains (as his letter of February 2 did not) a criticism of the argument of counsel for the Revenue in *Leedale v Lewis*. As the counsel referred to, perhaps I may be allowed to comment.

Mr Wiggin accepts that the courts should not look at Hansard in order to determine what Parliament intended. That being so, Parliament's true legislative intent can, it seems, only be ascertained from the words of the statute. The Revenue's case was that the words of the statute required that tha whole gains of the overseas trust should be apportioned between the beneficiaries. The House of Lords agreed with this interpretation of the section, and Mr Wiggin accepts that their interpretation was correct. Where then is the problem?

Mr Wiggin says that "if, by 1978, the Revenue believed that the legislation was defective, it should have altered it." The Revenue did not so believe, and the House of Lords agreed with the Revenue.

Mr Wiggin appears to suggest that "Parliament's true legislative intent" existed independently of Hansard (which quite rightly was not cited to the House of Lords) and independently of the words of the statute (which the House of Lords correctly interpreted). Where is this elusive intent to be found? Certainly the arguments addressed to the House of Lords on both sides assumed that the intention of Parliament was to be ascertained only from the words of the statute, and neither side suggested that it could be derived from any other source.

There was no mis-statement of Parliament's intention at any stage, for the simple reason that no reference was made to any source of that intention other than the words of the statute; and no judge could possibly have been misled into thinking otherwise by language of the kind Mr Wiggin refers to.

There is a further point. Mr Wiggin says the Revenue should never have litigated the *Leedale* case. Bnt the beneficiaries in the case had contingent interests as well as being objects of a discretionary trust, so that the Revenne had a claim to tax that did not run counter to anything said in Parliament; and it was in fact this claim that was upheld by the Commissioners and the High Court. If in the Court of Appeal and the House of Lords the claim was put on a broader basis, this is because, as Mr Wiggin accepts, tha broader basis accords with the correct interpretation of the section, which it is the task of the courts to apply.

I suspect that Mr Wiggin would like the Revenue to refrain from collecting tax which is legally payable in cases in which MPs thought there would or should be no liability to tax (though it is not so clear that he would be happy with tha converse practice of collecting tax which is not legally payable in cases in which MPs thought it would or should be). Mr Justice Walton had an answer to that approach in the *Vestey* case: "One should be taxed by law, not be untaxed by concession."

E. G. Nugee.
*3, New Square,*
*Lincoln's Inn, WC2.*

## The smoking habits of children

*From the Chairman,*
*Smoking Control Working Party,*
*Cancer Research Campaign.*

Sir,—When the Tobacco Advisory Council reports in its advertisements that 40 per cent of the adult population smoke, it makes no mention of the fact that (according to currently available data) so do 5 per cent of 11 to 12 year olds, 20 per cent of 14 to 15 year olds and 30 per cent of those aged 16 to 19. There can be little doubt that the impact of this particular component of the tobacco industry's pnblicity would be very different had it inclnded the smoking habits of children.

Of course, adults are entitled to choose their own life-style, provided they know tha pros and cons. Children are less experienced in resisting the social and commercial pressures to smoke and are entitled to some degree of protection, especially wben the risks associated with starting to smoke at an early age are so high—many start to smoke experimentally without realising the difficulties of giving up once it has become a habit.

(Dr) Nigel Kemp,
*Cancer Research Campaign,*
*2, Carlton House Terrace, SW1.*

## Enterprise agencies need clout

*From the Director*
*Berkshire Enterprise Agency*

Sir,—My confrere D. G. Milne is largely right when he argues (February 21) that the role of enterprise agencies would be changed ("transformed" is too strong a word) if they had grant and loan giving powers. But he is wrong in my opinion when he suggests that they are unnecessary.

In a sentence *one* could say enterprise agencies need clout. In 1982 Sir Charles Villiers urged that, initially experimentally, that loan capital could be made available by Government via selected properly constituted enterprise agencies. While Government might regard this as high risk use of public money one does not need to adumbrate all the contra arguments.

The huge Manpower Services Commission budget of £1bn largely devoted to necessary training is not concerned with real permanent jobs. An experiment such as this would be. Additionally it would help further the all party interest in the growth of the small business sector.

These times call for innovatory thinking. The Department of Employment has currently an experiment in five regions: the enterprise allowance, to encourage bona fide aspiring entrepreneurs to forgo their National Insurance and supplementary benefits, by taking the risk of starting up on their own. We await the results. But it is a worthwhile experiment not costing hundreds of millions of pounds of public money. The seed corn loan proposition, I believe, is as worthy of experimentation.

Ansel Z. Harris,
*The Old Shire Hall,*
*The Forbury,*
*Reading, Berks.*

## Choosing between pensions

*From Mr J. Taylor*

Sir,—For once in my life I am moved to write to a newspaper, and this is as a result of reading (February 23) of the scheme whereby employees would have the right to choose between joining a company scheme and making their own pension arrangements.

I have moved jobs twice in my lifetime, the first time after 14 years and the second time, not of my choosing, after 15 years.

The first time, a frozen pension or e cash sum or transfer were so miniscule that I took the cash. The second move offered tha same choice, with a frozen pension (I am now 50) probably the best, £2,400 at age 65, based on a salary two years ago of £15,000, or some casb. After three years, a new concession whereby frozen pensions actually get an increase has produced an increase of 8 per cent on the £2,400.

My new company offers a pension related to my remaining years of service, for which obviously I must contribute, and the opportunity to buy advance voluntary contributions.

If I leave within five years I get my money back (with tax concession—it was my money and not theirs anyhow). If I do not like the AVC offer from them I cannot use the tax concession in any other way—self-employed people already can choose from e wide range of options.

Independent schemes, with an element of competition, used from the day an employee starts work, would revolutionise the mobility of senior labour, and cynically one is bound to say would undoubtedly lead to better company schemes.

J. B. Taylor.
*Rosedale,*
*51 Homefield Road, Exeter.*

## Save £4m – abolish dog licences

*From Mr L. Ordish*

Sir, — What a magnificent opportunity the Chancellor of the Exchequer bas in the forthcoming Budget.

In a single stroke he can save the country £4m in administrative costs, and bring so much goodwill from amongst some 5m people in the UK that it could well help the Government win the next election. All he has to do is to abolish the dog licence!

L. Scott Ordish
(Founder and Director,
PRO Dogs National Charity),
*Rocky Bank, 4 New Road,*
*Ditton, Maidstone, Kent.*

Nuclear Proliferation

# It may be time to try again

By David Fishlock, Science Editor

THE TIME now seems to be ripe for a bold new initiative against the proliferation of nuclear weapons. That at least is the message to emerge from an important conference held at Ditchley Park in England last month. But the problem is that there is no sign of the political leedership that will be needed to ensure that such a new initiative does not fail.

The three big political initiatives in the short history of nuclear weapons have all been led by the U.S. (A fourth, the Partial Test Ban Treaty of 1963, did not stop the testing of nuclear weapons; it covered only atmospheric tests, and only by some countries.) First, following Hiroshima, they focused on preventing any other nation—including Britain and France—acquiring the Bomb. Then, in 1955 the policy was reversed with President Eisenbower's "atoms for peace" programme and its inducements for nations to sign the Non-Proliferation Treaty. Finally in the mid-1970s, following India's abortive attempt to join the nuclear club, the U.S. abruptly reversed its policy again, reimposing the "policy of denial" which still pervedes U.S. thinking today.

The universal concern over proliferation shows that the policy of denial has clearly not worked any better this time than in the early post-war years. Moreover, the International Nuclear Fuel Cycle Evaluation in 1979 (another U.S. initiative) showed thet it was intellectually ill-conceived, in that it focused almost exclusively on plutonium and ignored an equally dangerous fissile material, enriched uraninm. The 118 parties to the NPT make this the biggest arms control treaty the world has ever known. But of the problem nations who refused to sign the NPT in the mid-1970s, only one—Egypt—has since been induced to sign, in exchange for an urgently needed nuclear power programme. The recalcitrant ones were India, Pakistan Israel, South Africa, Argentina and Brazil.

Ironically, the prevention of proliferation is all about preventing something no-one has done yet — namely, making nuclear weapons from materials diverted from a peaceful nuclear power programme.

At the root of the problem is the frailty of sanctions, in a situation where some nations

Dr Hans Blix, a former Swedish Foreign Minister and director general of Vienna's International Atomic Energy Agency, chaired the Ditchley meeting on the avoidance of nuclear proliferation

whose nnclear activities are ostensibly most feared are also best fitted to become self-sufficient in nuclear terms. India is the foremost example. It has never kept secret its intention of learning the difficult technology of reprocessing spent nuclear fuel. In 1974 it demonstrated success by exploding plutonium refined in this way. Now it has annonnced a capability for reprocessing commercial nuclear fuel to reclaim both unburnt uranium and plutonium fuels.

Pakistan, fearful of India's political intentions, has resolutely pursued the same route, despite Western threats of sanctions. Where India has eight power reactors operating or being built, and could be seriously hobbled if denied nuclear fuel services, Pakistan has but a single reactor. A reprocessing plant at this stage in its nuclear power programme is about as relevant as ownership of a dry-cleaners would be to a man with one suit.

But by focusing attention on a handful of recalcitrant nations with evident nuclaar capabilities the policy of denial is baving a very negative impact on dozens of developing nations. They view the NPT as a whim of the "haves," to be humoured so long as they are rewarded freely and generously by the promised technical assistance, and the nuclear club keeps its promise to reduce warhead stockpiles.

In fact, all they see is a steep increase in spending, not only on weapons hut also on nuclear safeguards, by the International Atomic Energy Agency in Vienna, the UN's custodian of the NPT. Becanse of the growing numbers of reactors, and the complexity of safeguarding fuel facilities, tbe cost of admioistering IAEA safeguards is expected to double in the next five years.

The Soviet Union has just taken a significant step that may ameliorate one big complaint of the developing world. It has declared its readiness to open its nuclear power facilities to IAEA safeguards inspectors. In itself, this is simply a token gesture, already accepted by three other weapon states—Britain, the U.S. and France. But where Russia previously derided such a gesture as meaningless, now it accompanies acceptance with praise for IAEA safeguards as the "prototype" for an inspection system for nuclear arms reduction.

A strong thread running tbrough the Ditchley discussions was whether the Russian gesture might be reinforced by a major Western initiative of a positive nature. Ideas circulating in London and Wasbington, for example, go far beyond merely increasing IAEA technicsl assistance to developing nations in line with any rise in safeguards expenditure.

One idea is for a small nuclear reactor of about 100-300 Mw, tailored expressly to the needs of developing nations, and standardised internationally in design and safety.

International guarantees of security against attacks on nuclear installations might he an incentive especially welcome in the Middle East, and with world opinion in general. Another is a vastly more generous approach to technical assistance (bearing in mind that the U.S. spends $4bn-5bn a year on new nuclear warheads, and the Soviet Union presumably a similar sum).

Tbis generosity might even extend to virtually giving away the reactors, in the manner of Gillette and his razors, along with guarantees about continuity of fuel, safety surveys ond other commercial services for its lifespan. But the *sine quo non* of every incentive, of course, would be signing of the NPT and acceptance of IAEA full-scope safeguards.

What is missing is any political leadership to carry such initiatives forward. The U.S., still at odds with IAEA member-states over their treatment of Israel, is handicapped and reluctant to make a bold move. Of the remaining four nuclear weapon states which might provide leadership, France and China are not parties to the NPT. Russia has signed and is dedicated to the prevention of proliferation. In practice, it imposed its own strict "policy of denial" in nuclear trade and displays little trust even in its Comecon partners.

That leaves Britain as the one nuclear weapon state which might take the initiative in preventing proliferation. It has a sound but largely unsung record of participation in previous initiatives, most conspicuously as host to the London Suppliers Group in the mid-1970s. This group of leading nuclear supplier nations, which met periodically at the Foreign Office, included the U.S., the Soviet Union and France.

The group's over-riding successes lay in preventing the sale not only of complete reprocessing plants to countries (such as Pakistan) which would not sign the NPT, but also of the key components for the "sensitive" process technologies associated with fissile materials.

More recently, Britain has been host to a group of nations which have been identifying and drawing up tighter controls on the key components needed for gas centrifuge enrichment plants.

By the end of this decade, at least 31 nations will be getting electricity from nuclear energy. Britain, with a Government unequivocally enthusiastic about nuclear energy, could be the nation the nuclesr weapon "club" is willing to follow in a fresh attempt to unite the world behind atoms for peace.

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SOVIET ACTIVITY 'A DANGER TO MIDDLE EAST PEACE'

# Shultz warns Moscow over Syria

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE REAGAN Administration has warned Moscow that it regarda Soviet military activity in Syria as dangerous to peare in the Middle East, Mr George Shultz, U.S. secretary of State, said yesterday.

*Mr Shultz said the recent instal*lation of Soviet-manned anti-aircraft missiles in Syria "is a sobering and de-stabilising event in the Middle East and we have so stated to the Soviet Union."

Mr Sbultz was giving evidence to a Senate sub-committee shortly after Mr Caspar Weinberger, the Defence Secretary had described Syria as "just another outpost of the Soviet Union." Concern over the missiles at the Administration's highest levels has mounted in recent days.

*Mr Shultz* said the missiles were manned by Soviet personnel and "there is no indication that we see that they aspire to train Syrians to man these weapons."

Israeli intelligence has said Soviet crews are operating four SAM-5 missile batteries, each with six fully operational surface-to-air missiles, and that there are 1,500 Soviet military advisers in Syria.

The missiles, never before deployed outside the Soviet Union and Eastern Europe, have a 190-mila range, putting them within striking distance of Northern Israel and U.S. *aircraft* in the *Eastern Mediterra*nean.

Mr Weinberger said the missiles were "much closer than they should be", complicating the overall Middle East situation.

Mr Shultz said the missiles' presence *demonstrated* the *importance* of pushing hard hoth for the withdrawal of all Syrian, Israeli and Palestinian forces from Lebanon and for the negotiation of an overall Middle East peace settlement, as urged hy President Ronald Reagan.

Mr Weinberger described the SAM-5s as "very effective anti-aircraft weapons". There is obvious concern in Washington at the serious consequences of any action against the missiles by Israel, which destroyed earlier Soviet-supplied Syrian missiles in Lebanon last year.

*Mr Weinberger also dismissed as* "total nonsense" an Israeli radio report that Mr Moshe Arens, the new Defenre Minister, had accused him of siding with the Arabs because of previous business connections with the Arab world as a top executive of Bechtel, the San Francisco-based engineering group.

**Israel plays down pact, Page 3**

Mr George Shultz

# Polly Peck dealings suspended as shares slide £6½

**By Ray Maughan in London**

CHAOTIC trading lasting 20 minutes yesterday wiped almost £49m ($74.7m) off the stock market value of Polly Peck (Holdings), the citrus fruit packaging group headed by Mr Asil Nadir, operating in Cyprus and Turkey.

The shares were then suspended at £17, down £6.50. Polly Peck is now valued at £124m.

The principal casualty of what the group described as "unsettled market conditions" is the proposal to merge Polly Peck with two other British-quoted companies associated with Mr Nadir.

These are Wearwell, a Cyprus textile group 12.7 per cent controlled by Mr Nadir, and Cornell Dresses, 32.6 per cent owned by Mr Nadir's interests, which has set up a water-bottling plant in Turkey.

Merchant banks advising the companies in London yesterday announced that the merger bas been deferred "for the time being." No indication was given as to wben the merger would be finalised and it is understood that the basis of consollidation has not been agreed.

Polly Peck was, however, able to clarify the tax status of its important Uni-Pac carton subsidiary operating in the free port of Famagusta.

The group has been waiting for confirmation from the authorities in the Turkisb Federated State of Cyprus that its activities in the free zone would not attract a tax liability on profits accruing before January 1 this year.

Uni-Pac had originally understood the concession involved an exemption for eight years from the date at which it started trading in the free port.

Polly Peck, on the basis of legal advice, said it now belleves that the effect of the decree issued yesterday by the Council of Ministers of the Turkish Federated State of Cyprus is to cut the exemption to six *years and 10 months* from *the start* of operations in 1978.

After a full statement to shareholders dealings in Polly Peck are expected to resume today.

It was becoming clear from recent price fluctuations that many shareholders had extended themselves by borrowing to buy shares at earlier prices of up to £35.75. The shares were quoted at £31 in the middle of last week.

## THE LEX COLUMN

# The rise and fall of Polly Peck

Friday's support operation for the Polly Peck share price looked pretty forlorn yesterday morning when the sellers came out in force. The shares tumbled £6½ to £17 before they were suspended.

After the shock of the last few days the market is likely to take a much more sober view of the company's valuation. The prospective p/e of the stock has risen as high as 21 times, fully-taxed, based on the earnings projections put out by Messel, the company's stockhroker. Even at £17, the price is more than 10 times prospective earnings.

*Expectation of further growth* is clearly reflected in these ratings, hut there does not seem to be much of a discount for the kind of risk traditionally accepted in, for instance, the overseas trading sector.

Polly Peck has already demonstrated its vulnerability to political risk. Operating in Turkey and Turkish Cyprus, it also faces uncertainty on currency translation and repatriation of funds. Unlike Paterson Zochonis (prospective p/e 5½) it has no track record. Unlike Lonrho (prospective p/e 7½) it bas minimal geographical spread. Finally, the returns projected by Messel are so high that there must be a real danger of attracting competition.

The collapse of the share price has underlined the problems inherent in a single broker becoming involved with a corporate client to the virtual exclusion of other brokers. Messel has been the main source through which markets have learned of Polly Peck's projected profits. Its reward has been to handle the bulk of the business in the stock, and since *November monthly* turnover may have been in the region of £40m.

The converse is that Messel is much more embarassed by the sharp reversal in the price than it would have been if there had been a wider *spread* of dealers in the stock: at an early stage, and if it had ensured that analysts from several other brokers had looked the company over.

### Vickers

Vickers' 33 per cent dividend cut, though perfectly justified on the grounds of tumbling profits, begs a very big question about the strategy behind its rights issue only 11 months ago. Quite apart from the antagonising impact such a cut has on shareholders, it underlines the criticism voiced last March about the group's ability to earn sufficient profits to justify the offer.

With a dip in trading in the last six months of the year to December, the pre-tax figure duly fell by 20 per cent to £19.6m, leaving even the reduced dividend only 1.6 times covered on the historic accounts, and hopelessly uncovered on current cost.

In a weak defence the company might argue that the second-half squeeze, particularly in its Rolls-Royce car range, could not have been expected during the false dawn which hriefly glimmered early last year. In practice, what the company bas achieved has been to raise in the £23.3m rights issue more or less wbat it paid out in gross dividends for the last 18 months – almost £19m. With its unrecoverable ACT problem, it looks to bave gone about bolstering its balance sheet in the most tax inefficient way possihle.

Last year's figures could well have been worse if a heavy car sales drive in the U.S. had not *brought stocks into better balance* at the end of the year, and it must be worrying to Vickers that it remains so heavily dependent on this division. Althongh costs are being cut by the Rolls-Royce trationalisation programme, the group is now relying on its other businesses growing fast enough to generate the funds for the next heavy round of tooling costs and the 10 per cent yield on the shares, down 2p to 116p yesterday, reflect the risks in getting there.

### Gold

South Africa's abolition of the financial rand triggered selling of Johannesburg shares by foreign investors which pushed the market's gold mining index down 9.6 per cent on February 7. But South African investors increasingly stepped in to buy back the farm and this underlying *shift of ownership* was a major feature of last week's heavy trading in the shares. Yesterday, the ground underneath the farm shook violently, with the Johannesburg gold mining index falling 9.6 per cent to 773.1 and the FT Gold Mines index down exactly 10 per cent to 565.7.

The collapse in the gold shares accompanied a selling panic in the bullion market which pushed the price well under $400 at one point in Hong Kong and knocked $50 off the London price which closed around $413.

At these levels, shares and hullion alike have dropped some 25 per cent from their highs of mid-February. Considering that in terms of their percentage gains the *shares* have risen three and a half times as much since last June as the bullion price, this might suggest some further weakness in the shares. Yesterday's price falls in stocks like Vaal Reefs, Western Deep Levels and Randfonteln, moreover, look inadequate to restore their prospective 1983 yields to Friday's levels assuming a bullion price of $400.

The South African Reserve Bank probably had something to do with yesterday's resilient performance by the rand and might be expected to be buying bullion at these levels.

# Creditor banks act on ERT debt plan

**By David White in Madrid**

THE STEERING committee for creditors of Union Explosivos Rio Tinto (ERT), the troubled Spanish chemical group, met in Madrid last night amid signs of increasing impatience from some foreign banks over delays in drawing up a restructuring plan.

ERT's new chairman, Sr Jose Maria Escondrillas, who met the banks' representatives for the first time a fortnight ago, is expected to present his plan later this week, but the banks have said this does not give them enough time to consider it before March 31.

This is the expiry date for the informal six-month moratorium on principal repayments of $1bn debts, half in foreign currency.

It is also the deadline for an interim facility, granted by the banks in December, for discounting commercial paper to keep the group afloat.

*Sr Escondrillas is now expected* to seek a further moratorium and renewal of the 10bn pesetas ($77m) discount lines.

Last night's meeting was expected to agree to convene all 125 creditor banks, including more than 80 *foreign creditors, once the restruc*turing plan is presented.

This plan, based on proposals by the group's advisers, Lehman Brothers, is hroadly expected to involve reducing the group to a core of rentral activities, such as fertilisers, explosives and refining.

Other areas, Into which the group expanded and where it has encountered serious difficulties, including property, plastics and pharmaceuticals, are expected to be slated for sale or closure.

The toughest part of the negotiation with the banks is likely to revolve around the restructuring and reorganisation of the deht.

# Italians step up plans to bring unit trusts to stock exchanges

BY JAMES BUXTON IN ROME

THE MAJOR Italian banks and insurance and finance companies are stepping up their plans to introduce unit trusts or mutual funds on the Italian stock exchanges, following the approval of legislation by the Lower House of Parliament at the end of last week.

The Chamber of Deputies also approved long-awaited legislation on company accounts and taxation, enabling them to revalue their stocks to take account of inflation.

The two provisions should be passed by the Senate, the Upper House, by the end of March. When the law has been implemented and the requests to introduce unit trusts passed by the Treasury Ministry, the first trusts should be introduced in the autumn.

*The Milan Stock Excbange* has risen by more than 20 per cent since the beginning of January partly in anticipation of the unit trusts' introduction.

The unit trusts are expected to bring substantial new demand to the stock exchange and thereby encourage more companies to offer shares on the market.

There are also hopes that unit trusts will make the market more sophisticated and less prone to questionable practices and insider dealing.

The first unit trusts are expected from the banks, led by Banca Nazionale del Lavoro, which is planning to introduce three.

The financial bolding company, La Centrale, owned by the Nuovo Banco Ambrosiano group, is also planning to bring in three, and the insurance company, R.A.S., is planning to one or possibly two.

The *unit trusts* law *has* been under consideration by Parliament off and on for almost two decades. The only investment trusts quoted on the Milan Stock Exchange are technically under Luxembourg law, although usually managed by Italian groups.

The legislation on company accounts, known by the name of its original proposer, the former Finance Minister, Sig Bruno Visentini, has been warmly welcomed by Italian companies.

It will allow them to revalue their assets to take account of the high inflation rates since 1977, instead of being valued on a historic cost basis.

The law will also allow greater tax exemptions and higber tax-free depreciation, which will usually result in improved cash flow.

The new legislation also says, for the first time, that Italian compa*nies' accounts* must *present a "true* and fair view" of the state of the company at the time.

# Peru seeks 'jumbo' loan for $800m

BY DOREEN GILLESPIE IN LIMA

PERU is *seeking* an $800m jumbo *loan from a group* of 10 *creditor* banks led by Citicorp.

A government team beaded by the Minister of Finance and Economy, Sr Carlos Rodriguez Pastor, started negotiations in Washington and New York at the beginning of the week. The team, which left Lima at the weekend on a fortnight's tour, is to continue to London and Tokyo.

It will also be seeking extensioo of short-term loans of up to $200m in credit lines. Peru's total foreign debt is in the order of $1.15bn.

Peru's Prime Minister, Sr Fernando *Schwalb,* is *backing* negotiations on the first leg of the tour in the U.S. Otber members of the team who will accompany Sr Rodriguez Pastor to Britain and Japan include Mr Brian Jensen, general manager of the central reserve *bank, and* Sr *Augusto Blacker,* newly appointed executive president of the Banco de la Nacion. Sr Blacker, like Sr Rodriguez Pastor, is a former executive of the Wells Fargo Bank of San Francisco.

Sr Rodriguez Pastor says the bid for a jumbo loan is backed by the International Monetary Fund.

# NMB earnings hit by 61% rise in debt provision

**By Walter Ellis in Amsterdam**

NEDERLANDSCHE Middenstandsbank (NMB), third largest of the Dutch commercial banks, suffered a 39 per cent fall in earnings last year, from Fl 148m to Fl 90m ($33.8m) on gross results ahead 14 per cent, at Fl 628m.

The decline is attributed to a 61 per cent increase in the bank's debt provision which rose to Fl 500m last year from Fl 310m in 1981. A similar pattern was reflected in the results last Friday of Amsterdam-Rotterdam Bank.

Total revenues at NMB at the end of 1982 were Fl 1.64hn, a 10 per cent improvement on the previous year while tax, at Fl 20.7m, was reduced by 75 per cent.

Of the Fl 500m transferred to general contingencies, Fl 175m relates to the first half of the year and Fl 325m to the second half.

NMB says that the recession and the ensuing increase in risk, as well as in country risks, made the higher allocation essential.

Deposits during the year went up by 7 per cent to Fl 57bn and the combined balance-sheet total rose by the same proportion, to Fl 59.6bn.

The profits decline which follows a 19 per cent fall in 1981, was accompanied last year by a 5 per cent increase in the share capital.

Net earnings per share were reduced by 42 per cent, to *Fl 14.70,* and the dividend is to be lowered to Fl 8 – a decline of one third against 1981.

An toterim dividend of Fl 3.50 was paid in January, leaving a final cash payment of Fl 4.50.

# Hoesch rejects steel plan

HOESCH, the Dortmund-based steel maker, has rejected the original plan put forward hy an independent panel of experts to link it with Salzgitter and Klöckner-Werke in a so-called "Ruhr" steel group, Reuter *reports from Düsseldorf.*

Hoesch and Salzgitter are now expected to reveal a rougb draft for an alternative form of co-operation.

According to Hoesch, the internal prohlems of Klöckner-Werke gave the "Ruhr" group no basis for estahlishment. Klöckner itself said last week that speculation that it faces imminent insolvency was without foundation.

Hoescti and Salzgitter started intensive discussions on possihle cooperation earlier this month with Klöckner's participation.

# Caracas 3-tier rate

*Continued from Page 1*

ment on exchange controls has been attrihuted to conflicting positions between Dr. Sosa and Dr. Diaz Bruzual.

Dr Diaz Bruzual had strongly opposed exchange controls, proposing instead an outright devaluation 40 to 45 per cent which Dr. Sosa, in turn, opposed. Dr Diaz Bruzual also sought to limit use of the preferential rate in part by excluding payment of private sector foreign debt. He claimed thatbroad application of *the preferential rate would quickly* drain the nation's current $8.7hn international reserves and lead to a devaluation as higb as 300 per cent.

Dr Diaz Bruzual, however, was overruled by President Luis Herrera Campins and was reported to have submitted his resignation on Sunday afternoon. It was not accepted and he continues in the post, the central bank said yesterday.

According to the decrees issued yesterday, sectors eligihle for the preferential 4.30-to-the-dollar rate include all official expenditures ahroad, such as the diplomatic service; imports of essential goods and services; and remittances for Venezuelans studying ahroad.

The intermediate six bolivars-to-the-dollar rate will be applied to non-essential imports; the floating rate will be used for luxury imports, business and personal travel, and remittances of money from abroad.

In dealing with Venezuela's foreign debt, which is estimated to total close to $30bn, all public and private *debt will enjoy the preferential* rate. In the case of private foreign debt, however, preferential rates will reportedly be given only for dehts involving principal and Interest that can be amortised within three years of 1984.

*All private sector foreign debt* must also be officially registered with the Finance Ministry over the next three months in order to be eligible for the preferential rate, and will be suhject to audit both in Venezuela and abroad with debtors paying expenses of the audit.

# Gold falls on oil price fears

**Continued from Page 1**

forced to halt trading (except in the spot month) after falling the permissihle daily limit down of $25. In London there is a more flexible system, with dealings being suspended for only 30 minutes after a limit down of $50.

Other metal and commodity markets were badly hit by the collapse in gold. There were exceptionally heavy losses in silver and platinum. Base metals fell sharply, too, but rallied in late trading. Cocoa, coffee, natural rubber and sugar futures also came under sustained speculative selling pressure.

**Paul Taylor in New York writes:** The weakness in gold prices was one of the factors unsettling Wall Street yesterday, although hy lunchtime the Dow Jones Industrial average bad pulled back from an early decline of seven points to show a 1.8 point gain at 1,122.5 in busy trading.

The market turnaround came as the other major U.S. banks reduced their prime rate by half a percentage point to 10.5 per cent, matching a move started on Friday by First National Chicago.



## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | R | 11 | 52 | Dubrovnik | S | 14 | 57 | Malaga | S | 19 | 66 | Salzburg | R | -3 | 27 |
| Akrotiri | C | 15 | 59 | Faro | S | 17 | 63 | Malta | F | 15 | 59 | Seoul | F | 10 | 50 |
| Algiers | S | 18 | 64 | Florence | C | 7 | 45 | Manila | S | 33 | 61 | Singapore | S | 33 | 91 |
| Amsterdam | C | 6 | 43 | Frankfurt | F | 8 | 46 | Miami | C | 19 | 66 | Stockholm | C | -2 | 28 |
| Athens | C | 13 | 55 | Funchal | F | 19 | 91 | Milan | Fg | 2 | 36 | Strasbourg | C | 8 | 46 |
| Bahrain | S | 18 | 64 | Geneva | R | 5 | 41 | Moscow | S | -14 | 7 | Sydney | C | 28 | 82 |
| Bangkok | S | 32 | 90 | Gibraltar | S | 16 | 61 | Munich | C | 5 | 41 | Taipei | C | 23 | 73 |
| Barcelona | F | 15 | 59 | Guernsey | C | 8 | 46 | Nairobi | F | 28 | 82 | Tangier | S | 17 | 63 |
| Beirut | F | 15 | 59 | Helsinki | Sn | -9 | 16 | Naples | S | 11 | 52 | Tehran | - | — | — |
| Belgrade | C | 9 | 43 | H. Kong | S | 18 | 64 | New Delhi | C | 25 | 77 | Tel Aviv | C | 13 | 55 |
| Berlin | R | 5 | 41 | Innsbruck | R | 3 | 37 | New York | C | 2 | 36 | Tenerife | S | 20 | 68 |
| Biarritz | C | 12 | 54 | Inverness | R | 5 | 41 | Nice | S | 14 | 57 | Tokyo | F | 13 | 55 |
| Blackpool | C | 7 | 45 | Istanbul | R | 6 | 46 | Oporto | F | 13 | 55 | Toronto | F | -1 | 30 |
| Bordeaux | C | 11 | 52 | Jersey | C | 9 | 48 | Oslo | Sn | -1 | 30 | Tunis | C | 14 | 57 |
| Brussels | C | 8 | 46 | Jo'burg | S | 32 | 90 | Paris | R | 7 | 45 | Valencia | S | 18 | 68 |
| Budapest | Fg | 4 | 39 | Las Palmas | C | 19 | 66 | Prague | - | — | — | Venice | C | 2 | 36 |
| B. Aires | C | 23 | 73 | Lima | S | 29 | 84 | Reykjavik | F | 1 | 34 | Vienna | C | 9 | 48 |
| Cairo | F | 14 | 57 | Lisbon | S | 15 | 50 | Rio de J'o | S | 37 | 99 | Warsaw | C | 2 | 36 |
| Cape Town | S | 26 | 79 | Locarno | T | 7 | 45 | Rome | C | 9 | 48 | Zurich | C | 7 | 45 |
| Caracas | S | 28 | 82 | London | C | 9 | 48 | | | | | | | | |
| Casablanca | S | 17 | 63 | Los Angeles | S | 12 | 54 | | | | | | | | |
| Copenhagen | R | 3 | 37 | Luxembourg | C | 4 | 39 | | | | | | | | |
| Corfu | F | 11 | 52 | Madrid | S | 12 | 54 | | | | | | | | |
| Dublin | F | 7 | 45 | Majorca | S | 17 | 63 | | | | | | | | |

*Readings at mid-day yesterday*

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

# Opec accuses UK over delay to deal

**Continued from Page 1**

ed in sticking a finger into the Opec pie." Oil prices were a matter for the British National Oil Corporation and their customers.

However, it is understood that Britain tias been willing to discuss realigning its oil prices – hut not its production levels – as part of a global producers' agreement. Britain initiated the present price cutting with a proposed $3 reduction and was followed hy a savage $5.50 cut hy Nigeria.

Nigeria has indicated that it would be willing to put np its prices by $1.50 a barrel, in deference to the wishes of the *Gulf producers,* provided that North Sea oll did not gain competitive edvantage.

Mr Yahaja Dikko, Nigerian presidential adviser on oil, is expected in London on Wednesday.

Oil Ministers of Kuwait, Venezuela and Algeria were scheduled to hold another round of talks in Paris last night in a further attempt to hammer out the details of a production sharing agreement. They are believed to be discussing an Opec maximum of 17.5m barrels a day which some analysts believe would be still too high to stabilise prices.

*Opec Ministers* are understood to have been delighted by the flexibility shown by Mexico, which is outside the organisation. An official said yesterday: "Unlike Britain, the Mexicans are not just sympathetic. We really feel that they are willing to co-operate."

Sr Francisco Labastida Ochoa, Mexican Oil Minister, returned home at the weekend after talks in London and Paris. Reports from Mexico yesterday suggested that an announcement of a cut in oil prices could come in two or three days.

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# Security Pacific to pay $400m for two Heller group units

BY PAUL TAYLOR IN NEW YORK

SECURITY PACIFIC, the 10th largest U.S. banking group, said yesterday it has agreed to acquire the two commercial financing subsidiaries from Walter E Heller International, the Chicago commercial finance and bank holding company, in a deal worth $400m.

The purchase is the latest in a string of aggressive acquisitions for the Los Angeles bank. It comes after Walter E Heller's announcement last month that it expects to report a large fourth-quarter loss because of increased loan loss reserves in its domestic financing unit. The company also said it was discussing the possibility of selling some of its assets.

Under the agreement, Security Pacific's holding company will acquire Walter E Heller and Company, and Walter E Heller Overseas, two wholly-owned subsidiaries of the Heller group. These subsidiaries have assets of more than $3bn.

Walter E Heller and Company is a major commercial finance company engaged in asset-based financing, factoring, capital equipment financing, rediscounting, property financing and other commercial financing throughout the U.S. and Canada.

Walter E Heller Overseas is a network of joint venture and wholly-owned companies engaged in factoring and commercial financing worldwide.

In addition to the $400m purchase price, Security Pacific has agreed to pay the Chicago group a portion of future earnings.

The two companies said in a joint statement that up to half the purchase price may be paid in "economically equivalent" Security Pacific debt securities.

The agreement will not affect Heller International's third major subsidiary, American National Bank and Trust Company of Chicago.

# Astra boosts earnings by 75%

By David Brown in Stockholm

ASTRA, the Swedish pharmaceutical company, reported a 75 per cent increase in earnings from SKr 240m to SKr 421m ($56.7m) for 1982. Sales advanced by 25 per cent to SKr 2.7bn.

Mr Lars Sindeby a company spokesman, said the improved result came almost entirely on foreign markets – which account for 75 per cent of total sales – and was due to improved profitability in several large subsidiaries as well as higher royalty income.

The company posted a net extraordinary income of SKr 364m, which it received after signing a collaboration agreement with Merck, the large U.S. pharmaceutical group. This brought pre-tax profit for 1982 to SKr 785m, against SKr 240m for the same period in 1981.

Under the terms of the agreement, Merck will test, register and market Astra's new product in the U.S. Astra will start receiving royalties in the mid-1980s when the products are due to reach the market. Once sales exceed a certain level – sometime in the early 1990s – a joint company, Astra-Merck, will be formed.

Cash and liquid assets rose from SKr 590m to SKr 1.1bn mainly due to a large cash payment in connection with the Merck deal. Return on total capital employed grew from 16 per cent to 19 per cent. Profit per share was put at SKr 80, which compares with SKr 16 in 1981.

The board has recommended a 1-for-3 bonus issue and a stock split, yielding eight new shares for every three old. The proposed dividend is SKr 7.50 per old share, up from SKr 6 in 1981.

The group predicts 1983 sales will reach SKr 3.3bn, and earnings will grow by about 30 per cent to SKr 550m.

GROUP'S POLICY AIMS TO CAPITALISE ON THE DEVALUATION OF THE PESO

# Mexicana tries to fly back into profit

BY WILLIAM CHISLETT IN MEXICO CITY

SR MANUEL SOSA de la Vega has come out of a brief spell of retirement to try to fly Mexicana, Mexico's leading airline company, back into profit this year.

The company has reported a loss of 2bn pesos in 1982, its first in 15 years, after a net profit of 834m pesos in 1981.

Sr Sosa de la Vega, who joined Mexicana in 1939 as a bellboy and worked his way up to be managing director, retired despondently last July after the Lopez Portillo government bought the majority equity share in the company. Mexicana is now 58 per cent state-owned.

When President Miguel de la Madrid took over last December he immediately re-instated Sr Sosa de la Vega, aged 66, who has inherited a critical situation.

The number of passengers carried by Mexicana last year dropped from 8.15m to 7.8m. Domestic flights carried 1.58m people, compared with 1.95m in 1982, and international flights 6.05m, as against 6.2m. The company had a crippling 45-day strike last autumn, in which it lost 1.5bn Pesos.

Sr Sosa de la Vega said: "Before I left the company Mexicana's break-even point used to be achieved on both domestic and international flights with an occupancy rate of 50 per cent."

"Now, after a series of devaluations – the peso declined 82 per cent against the U.S. dollar last year – the break-even point on domestic flights is 60 per cent, sometimes as high as 70 per cent. But on international flights we can now make profits with a 40 per cent occupancy rate."

The devaluations have pushed up the cost of servicing Mexicane's $600m debt, and also made the purchase of aircraft and parts, which are done in dollars, much more expensive.

Mexicana has 37 Boeing 727-200s, the largest fleet of 727s outside the U.S. It also has five DC-10-15s, two of which were delivered in January. Its aircraft are only three years old on average.

Sr Sosa de la Vega said Mexicana's policy is to try to capitalise on the devaluation of the peso, which has made Mexico a bargain country for foreign tourists, and promote international flights to Mexico, including charter flights, to boost the company's dollar revenue.

"We have to fill those seats left empty by Mexicans, who can no longer afford to travel abroad with Americans." It is estimated that the number of Mexicans now going abroad has plummeted 60 per cent in the last year.

Mexicana has 34 per cent of all the Mexico – U.S. traffic , even in the face of competition from eleven U.S. airlines and Aeromexico, the state-run airline. About 40 per cent of Mexicana's revenue is taken in dollars.

Sr Sosa de la Vega said the company was trying to get into the lucrative charter flights business. The company hopes that by March it will have three aircraft permanently available for charter flights

Mexico's largest airline has recalled Sr Manuel Sosa de la Vega (left) a former chairman, from retirement to restore Mexicana's financial health. Last year, it reported its first loss for 15 years.

Domestic flights have dropped by 16 per cent but Sr Sosa de la Vega believes the number could pick up again, because most Mexicans will now have to take their holidays at home.

He said Mexicana was not going to get involved in flying the Atlantic. "It does not make sense for us to get involved in this ocean of red ink. Everybody is losing by crossing the Atlantic."

Mexicana holds the Mexico City-London rights, and is also interested in flying to Frankfurt and Rome. But it is not planning to expand into Europe for some time.

Mexicana increased its fleet by an average of five to six aircraft a year during the "golden" years of the past administration from 1979 to 1981, when the gross domestic product grew in real terms by an average 8 per cent a year.

Mexicana took delivery of the last two of five DC-10-15s from McDonnell Douglas in mid-January, after they had spent five months sitting in hangars at Long Beach, California, because Mexicana could not get the financing to take delivery.

Mexicano's $600m debt is not too much of o burden, however, because the company receives a high proportion of its revenue in dollars. It is also benefiting from the terms of the rescheduling of $19bn of public sector debts, olthough the company is not wholly state-owned.

Mexicana has fallen within the moratorium on public sector repayments of principal, and when the moratorium expires on March 23 Mexicana will make a repayment of $80m. The company has a further $120m of principal repayments.

# Consortium rescue for American City Bank

BY OUR NEW YORK STAFF

THE FEDERAL Deposit Insurance Corporation said yesterday that a consortium of five California banks will assume the deposit liabilities of American City Bank of Los Angeles which failed late on Friday.

The bank was closed by the acting supervisor of banks in California, Mr Harold Doyle, following mounting losses thought to total about $1m a month since the start of the year. The FDIC was appointed receiver for the bank which had about $294m fo deposits at the end of 1982.

Mr Doyle attributed the bank's collapse in part to its relatively high cost of funds, American City was an active seller of jumbo certificates of deposit which carry a higher interest rate than smaller CD's because of their size.

Mr Doyle said yesterday that "substantial loan and operating losses exhausted the bank's capital and made it necessary to close the bank."

The failure of American City Bank was the latest in a series of bank failures this year and last and the seventh largest banking failure in U.S. history.

Under the terms of the takeover rescue for American City the five California bank's led by Central Bank of Oakland California will take over $266.7m in deposits and liabilities of the failed bank and pay the FDIC a purchase premium of $6.4m.

# Dome debt resheduling expected

By Nicholas Hirst in Toronto

DOME PETROLEUM's four main Canadian bankers yesterday were expected to agree to extend repayment of C$1.4bn ($1.14bn) of debt to keep the company afloat.

Representatives of the Canadian Imperial Bank of Commerce, the Royal Bank, the Bank of Montreal and the Toronto Dominion were discussing precise terms, and sources said an extension should not present any problems.

The repayment date has already been extended twice as Dome's bankers and the Canadian Federal Government continue discussions on a C$1bn injection of new money and a rescheduling of Dome's debt. This rescheduling was agreed in principle in September to put the company on a sound footing.

Dome ran into difficulties after it paid C$4bn in a two-stage acquisition of Hudson's Bay Oil and Gas, financed largely by debt. Interest rates then rose and the world oil markets weakened.

As interest rates fall and the Canadian oil and gas market picks up, Dome's financial position has improved. With this improvement, the company hopes it may be able to avoid taking all or most of the C$1bn in convertible debentures offered by the Government and the banks, thus avoiding a massive dilution of the present shareholders's equity.

Under the terms of the rescue package, Dome must take only as much new money as it needs.

# SSIH sees higher loss

BY JOHN WICKS IN ZURICH

SOCIÉTÉ Suisse pour l' Industrie Horlogère (SSIH), parent company of Switzerland's second largest watch industry group, expects a further big loss for the business year ending March 31, 1983. However, Dr Peter Gross, board chairman, said in a letter to shareholders that the deficit will be substantially below that recorded for 1981-82.

For the calendar year 1982, the SSIH group experienced disappointing business in the second and third quarters but an upswing in the final three-month period.

The Omega division increased its sales volume by 1.8 per cent, sales value rising by SwFr 12.5m, or some 5.9 per cent. Turnover of the U.S. subsidiary, Hamilton, is said to have been satisfactory. These overall exports in the industry dropped by SwFr 338m, or some 9.8 per cent. SSIH, which has been the subject of a SwFr 300m bank rescue scheme, benefited from its policy of concentrating efforts on the two main brands Omega and Tissot.

# Danish bank takeover

BY DUDLEY HUNT IN COPENHAGEN

JYSKE Bank is taking over Denmark's oldest bank, Vendelbobanken. The share deal, due to be ratified in April, makes Jyske the country's sixth biggest bank.

The takeover, backdated to January 1, comes after the 127-year-old Vendelbobanken, which operates 23 branches, mainly in north Jutland, announced a DKr 67m ($7.8m) loss for 1982, compared with a 1981 profit of DKr 4.4m.

Vendelbo's troubles stemmed from difficulties in the hard-pressed farming, fishing and building industries and it had to set DKr 102.5m aside to cover bad and doubtful debts last year, against DKr 25m in 1981.

The bank's capital of DKr 82m was insufficient to maintain the legal minimum of 6 per cent of current debts and guarantees.

Jyske's figures for 1982 were different. Net profits were DKr 185m (DKr 50.4m in 1981 due to extraordinary expenditure from the takeover of Finansbanken) assets of DKr 12.5bn and reserves of DKr 867m.

# Taipei takeover rumours for RSV division run out of steam

BY WALTER ELLIS IN AMSTERDAM

SPECULATION last week that Taiwan was about to buy up a major division of Rijn-Scheldt-Verolme (RSV), the failed Dutch shipbuilder, had run out of steam by the weekend. It became clear that there was a strong element of wishful thinking in the confident statements of both trade unions and management.

Wilton Fijenoord, the division in question, employs about 2,500 workers and is engaged in building two submarines for the Taiwanese navy.

The suggestion – premature at best – that Taipei was about to make either a large, profits-linked, loan to the yard or take it over, came from members of the works council after talks with the board of management. Management itself, while confirming nothing, certainly gave the impression that something big was in the wind.

It now transpires that Taiwan is indeed bent on helping Wilton Fijenoord – out of concern for the completion of its submarines.

The Taiwanese Government has formally denied it has any plans for a takeover, and a delegation from Taipei, which is due in the Netherlands shortly for talks with RSV, will concentrate on the submarines' financing. A report that the Taiwanese navy is interested in taking a stake in the Dutch company has not so far been confirmed.

The visiting delegation will be concerned about the whereabouts of the Fl 260m ($97.5m) it paid to RSV in 1981 as a down payment on the submarines. Wilton Fijenoord denies that it ever received the money, and there is strong reason to believe that it was used to help finance RSV's disastrous U.S. coal-mining venture, losses on which led last month to the collapse of the group.

It is understood that RSV has some Fl 510m tied up in the U.S. project, much of which is beyond recovery. It was hoped that giant coal excavators, designed and built by RSV in Rotterdam, would make a substantial, and highly profitable, impact on the U.S. mining market.

Instead, partly as a result of mismanagement, only a handful of the machines have been sold – most are rusting away in Rotterdam harbour. As losses mounted, RSV's management poured in more cash in hopes of an upturn. But the holding company was declared bankrupt and 6,000 workers are to lose their jobs.

Wilton Fijenoord denies any responsibility for what went wrong, and claims it simply got on with the job of building submarines. The Dutch and Taiwanese governments have supported this and have said they are confident that the company will complete its contract.

Taiwan, however, may have to come up with a further, hefty instalment of the Fl 1bn total coast of the vessels if it wishes to protect its original investment – and get the submarines. A loan cannot be ruled out, and participation in the hived-off Wilton Fijenoord could ensure future co-operation.

If Taipei does agree to take part in a rescue, the Dutch Government is unlikely to demur. The Netherlands' trade links with Taiwan, although highly damaging to relations with China, are increasing. The Hague takes the view that what happens in commerce is no guide to its official position.

# Consoltex gets go-ahead for special meeting

By Robert Gibbens in Montreal

QUEBEC superior court has ruled that Consoltex Canada can proceed with a special shareholders' meeting to remove Mr Danny Taran, president and chief executive, and three Canadian directors.

The court orders Mr Taran and the other directors to refrain from any action that might impede the meeting.

The meeting was called for last December by Mr William Fieldhouse, chairman, who was also chairman of Carrington Viyella of the UK. It was then challenged by Mr Taran and the Canadian directors whn asked the court for an injunction preventing the meeting from going ahead on the grounds that it was improperly called.

The special meeting was opened on January 10 and under court order was adjourned indefinitely until the court ruled on the basic issues.

Mr Justice Louis Tannenbaum has found that Carrington Viyella and Toyobo of Japan, which together own 73 per cent of Consoltex, had been unfairly treated by Consoltex's Canadian management.

# Saga Petroleum loss mounts

BY FAY GJESTER IN OSLO

SAGA PETROLEUM, the oil concern owned by many of Norway's leading financial, industrial and shipping groups, reports an increased deficit in its consolidated accounts last year – to NKr 53m ($7.4m), from NKr 42m in 1981.

The poorer results was due mainly to higher interest costs, reflecting the fact that Saga last year became 100 per cent owner of its debt-burdened petrochemicals offshoot, Saga Petrokjemi.

Its partners in the latter, Dyno Industrier, Hafslund and Årdal og Sunndal Verk (ÅSV), withdrew from the company early in 1982, transferring their share stakes to Saga without compensation.

Oil from Saga's 1.6 per cent stake in the Anglo-Norwegian Statfjord field is the group's chief source of income at present, although it has shares in 16 licensed areas on the Norwegian shelf, including several where promising signs have been made and two now under development – Heimdal and Gullfaks.

Its income from Stratfjord last year was NKr 270m – more than budgeted, because of favourable production trends on the field. A $3-a-barrel oil price fall during the year was more than offset by the rise in the value of the dollar, in kroner terms, in the same period.

Total income was NKr 399m, including consultancy fees earned in connection with the development of a small oil field off the coast of Benin, West Africa.

Saga participated in 20 of the 49 explorations and delineation wells on the Norwegian shelf last year.

# Hospital Corp.

Our report on Saturday February 19, on Hospital Corporation of America stated that 1982 net earnings of $2.25 a share fell short of management's $3 forecast. Taking into account a four-for-three stock split distributed in January, 1983, earnings were exactly as forecast.

# Brown Boveri forecasts dividend cut

BY OUR ZURICH CORRESPONDENT

BBC AG Brown Boveri & Cie., the Swiss parent company of the Brown Boveri engineering group, forecasts a dividend cut for 1982 after a drop in net earnings for the year from SwFr 44.3m to SwFr 28m ($18.3m).

At its June 1 annual meeting, the board will recommend payments of SwFr 30 per A bearer share and SwFr 6 per B registered share and participation certificate, against SwFr 50 and SwFr 10 respectively for the previous year. At the same time, shareholders will be asked to approve the allocation of SwFr 50m to write off against losses in foreign subsidiaries.

In a letter sent to shareholders last December, the Baden-based parent company had said a further "substantial sum", would be needed for depreciation purposes in view of losses in North America. In respect of the 1981 business year it had already been necessary to release reserves of some SwFr 100m, particularly in connection with "significant losses" of subsidiaries of Brown Boveri Company, New York.

Sales of the parent company rose by 8 per cent to SwFr 2.76bn last year. Group turnover increased by 6 per cent to SwFr 9.7bn after deduction of sales of the former group member Cie Electro-Mecanique, Paris.

Although no exact figures are yet available, the board states that consolidated cash flow will be higher than in 1981.

# INTL. COMPANIES & FINANCE

**HAMBRO PACIFIC TO BE JOINT ADVISER**

## Carrian in further moves on debt

BY ROBERT COTTRELL IN HONG KONG

HONC KONC's Carrian Group has announced new developments in its struggle to stave off liquidation by rescheduling bank debts totalling over U.S.$1bn.

Carrian Investments (CIL), the group's principal publicly-quoted company, has appointed Hambro Pacific as its joint financial adviser. Hambro Pacific is a Hong Kong-based corporate finance house 90 per cent owned by Hambros, the London merchant bank, and 10 per cent by Swire Pacific, the trading and property "Hong."

Hambro Pacific will work alongside Wardley, the Hongkong and Shangbai Bank subsidiary wblch has been advising Carrian since it announced liquidity difficulties last October.

Carrian says its controlling shareholders, whose identities are shielded by a nominee company, have placed HK$250m (U.S.$38m) in an escrow account with an unnamed bank. The provisional rescheduling scheme for Carrian's debts requires the shareholders to make this money available to CIL and to its unquoted parent, Carrian Holdings (CHL).

The Hongkong and Shanghai Bank is prepared to make a further HK$250m available to CIL in the form of a secured revolving credit facility if bankers agree to debt rescheduling.

In addition the provisional start-up date for Carrian's debt rescheduling scheme has been moved back one month to May 1.

CIL has confirmed the sale of its holdings in both Nikkatsu, a Japanese maker of pornographic films, and io JF Special Holdings, an Investment trust, realising some HK$120m. Carrian plans further disposals of assets and reductions in capital commitments, but its policy is "not to force assets on to weak markets."

Local bankers say the apointment of Hambro Pacific resolves an ambiguity in the role undertaken by Wardley. For although Wardley has been, and remains, a financial adviser to Carrian, the Hongkong and Shanghai group, wblcb includes Wardley, is one of the property group's largest creditors.

Although Wardley and Hambro Pacific are now designated joint financial advisers to CIL, Wardley's principal role will be in advising CIL on its asset disposal and rationalisation programme. In negotiations fietween CIL and its banks, Hambro Pacific will be CIL's principal adviser, making clear Wardley's position as one of the lending banks. Wardley remains sole adviser to CHL.

CIL's largest subsidiary is the quoted shipping group, Grand Marine Holdings (CMH), which is seeking to reschedule U.S.$450m of debts over 10 years.

Hambro Pacific is advising CIL in respect of its majority stake in GMH, but it is not advising GMH. The present condition of GMH is said to be a delicate matter which is the subject of day-to-day discussions.

Bankers say GMH is an integral concero whose long-term future probably lies outside the Carrian group, but GMH is financially tied to Carrian through guarantees made by CIL in respect of HK$1.8bn of CMH borrowings.

Debt rescheduling plans for CHL bave taken a back seat to the higber priorities of CIL and GMH and bankers assume the financial condition of all companies have deteriorated

The Carrian group suspended Interest payments on January 6, pending an outcome to its debt rescbeduling talks. Bankers say tbat some CIL creditors with loans secured against income-producing assets bave been claiming that income in lieu of interest.

Carrian now appears to be taking a more assertive role in pushing to a conclusion the four-month-old negotiations over its future. Speculation over Carrian's "backers" has now been laid to rest, in favour of the view that the group is the creation of its chairman, Mr Ceorge Tan.

However, the answer to a question which bankers are likely to continue asking, the identity of the HK$2.5bn of assets which Carrian hopes to seil over tbis year and next, remains unknown.

## Income from interest lifts Lend Lease

*By Lachlan Drummond in Sydney*

A jump in interest income on its large cash holdings allowed Lend Lease, the Australian property and construction group, to increase net profits by 12.2 per cent to A$13.5m (US$13m) in the six months to December 31. Group turnover rose by 28.8 per cent to A$278.2m.

The increase in interest income from A$2.48m to A$7.1m reflected the A$105m in cash and short-term deposits held by the group at its last balance date. This was up from almost A$20m a year earlier as a result of the sale of a Sydney office tower. Interest charges were A$1.92m, against A$1.5m.

Lend Lease bas forecast an improvement in net earnings for the full year from the A$25.3m of 1981-82 and has declared an uncbanged interim dividend of 8.75 cents a share.

● AMPOL, the Australian oil refiner and marketer which also bas uranium and television interests, boosted net earoings by 18 per cent from A$19.2m to A$22.3m in the six months to December on turnover up 10.9 per cent to A$467.7m.

Much of the improvement came from Ampol Exploration, the oil production and exploration unit which is 49 per cent owned. Nel profits there weot ahead by 37 per cent from A$7.96m last time to A$10.87m.

The interim dividend is unchanged at 3.75 cents a share.

## Japanese chemical groups down

BY YOKO SHIBATA IN TOKYO

JAPAN'S two leading petrochemical companies, Sumitomo Chemical and Mitsubishi Petrochemical have both passed their dividends for 1982 with results sbarply affected by recession in the industry.

Sumitomo Chemical made a parent company net loss of Y7.2bn compared with a profit of Y2.3bn previously. Sales were down 1.3 per cent at Y632bn ($2.7bn). Net losses per share were Y4.76, compared with net profits of Y1.56.

The company's turnover setback arose from falling sales of industrial chemicals and fertilizers, down by 8.1 per cent, to account for 50.4 per cent

Sales of fine chemicals, grew by 8 per cent to 13.3 per cent of the total and agricultural chemicals sales also rose by 8 per cent to 7.7 per cent.

The company has set aside Y14.8bn against losses in an aluminium venture, including Y8.9bn, incurred by Sumitomo Aluminium Smelting, in which it has a 50 per cent stake.

In the current year a favourable impact from falling crude oil prices is expected and the company is forecasting pre-tax profits of Y10bn. Sales of Y650bn, up by 2.8 per cent, are also being predicted. However, due to the continued rescue operation of its aluminium venture, Sumitomo Chemical is unable to forecast a return to net profit or the payment of a dividend for 1983.

For Mitsubishi Petrochemical parent compaoy pre-tax losses grew to Y16.8bn from Y11.3bn. Net losses were Y8.8bn, compared with a net loss of Y1.4bn. Sales totalled Y356bn, down 4.1 per cent.

Sales of ethylene products fell 7 per cent to 43.7 per cent of turnover, with sales of polypropylene accounting for 25.3 per cent, stuck at the previous year's level.

The company expects continued sales setbacks in the current year but hopes to see a return to operating profits on the grounds of lower napbtha prices.

## First-half setback for Cullinan

BY OUR JOHANNESBURG CORRESPONDENT

CULLINAN HOLDINGS, one of South Africa's largest manufacturers of refractories, has suffered more than it expected from the steel industry's decline. Helped by the inclusion of electrical contracting interests from Blue Circle, turnover rose from R61.5m to R82.2m ($76.2m) in the six months to December but first-half operating profit fell to R4.4m from R11.2m. For the year to last June turnover was R156.8m and operating profit was R23.6m.

The directors say that local and foreign steelmakers have cut their purchases of refractories to a minimum with the result that the first-half turnover of the division dropped to R23m from R32m in the corresponding six months of 1981. The refractories division is to operate as an equal partnership with the state-owned steelmaker, Iscor starting on July 1. Iscor is South Africa's largest consumer of refractories and it is hoped the move will result in greater capacity operations at Cullinan's plant.

The electrical division, which supplies electrical ceramics and porcelain has suffered from lower capital spending on electrification by the railway system. The brick division operated at full capacity.

The interim dividend has been maintained at 12 cents a share even though there was a first-half loss of 4.7 cents a share against earnings of 48 cents a share in the previous first half. The year to June 1982 resulted in earnings of 83.9 cents a share and a dividend total of 27 cents.

# Management buyout saves Peter Pan from receivership

BY CHARLES BATCHELOR

THE MANAGEMENT of Peter Pan Playthings, part of the toy-maker Berwick Timpo, is to rescue its company from the group receivership with the help of outside financial backing. This will preserve all of its 100 jobs.

Berwick called in accountants Price Waterhouse as receivers on February 10 following the discovery that the 1982 loss was likely to be £1m higher than expected at £2.3m and with bank debt of £2.5m.

Mr Peter Craig, 44, managing director of Peterborough-based Peter Pan, and five other directors will take a "substantial minority stake" in the company. The majority holding will be controlled by Hanover Acceptances, a private property investment and financial management services company. The value of the buy-out was not disclosed.

Talks are also now under way for the sale of the other two companies in the Berwick group, Berwick's Toy and Harbutt's.

"Peter Pan has always been the strongest company in the group," said Mr Craig. "We pretty well ran autonomously although on the financial side, there were cross-guarantees."

With sales of about £5m in its last year, Peter Pan plans to increase exports to 20–30 per cent of sales from the present negligible level.

# Servis Holdings makes plans for rights issue

BY OUR FINANCIAL STAFF

SERVIS HOLDINGS, the domestic appliance concern which is 50 per cent owned by Centreway Industries, produced taxable profits of £652,000 in the five months to December 31 1982, on sales of £24.39m.

Mr A. J. Cross, chairman, says that since the company acquired Wilkins & Mitchell in July 1982, its principal trading activity is the Servis domestic appliances business, and the results reflect this.

Servis Holdings will prepare its first set of audited accounts for the eight months to March 31 1983. The prospects for the remaining three mooths are satisfactory Mr Cross says, with Servis continuing to benefit from the strong demand for white goods, experienced in the pre-Christmas period.

The directors intend to present proposals in August 1983 to raise long term capital by way of a rights issue to strengthen the group's capital structure.

Taxable profits were struck after interest payable of £470,000.



ROLLS-ROYCE MOTORS SUFFERS FROM WEAK DEMAND

# Vickers profit down to £19m

BY IAN RODGER

VICKERS, the diversified engineering group, has reported a 20 per cent fall in 1982 pre-tax profits to £19.6m before tax, and a one-third cut in its total dividend to 8p, less than a year after raising £24m in a rights issue.

The company, which acquired Rolls-Royce Motors in mid-1980, said demand fell to lower levels than expected last year, especially in the second half. Extraordinary charges, mainly for closures and redundancies were again high at £14.5m, resulting in a £9.7m loss attributable to reserves, compared with a £3.3m loss in 1981.

The shares fell 2p to 116p yesterday.

Among the group's 12 operating divisions, trading profits in the motor car divisioo plunged from £16.2m to £6.2m because of weak demand in the U.S. and the UK for much of the year, and overstocking.

The Howson-Algraphy lithographic plate business encountered higher than expected commissioning costs on equipmeot installed at e new plant at Leeds and trading profits were down from £7.1m to £5.7m.

The diesel engine division recovered from a £2.2m loss to a £1.7m profit but the loss in the machine tool division increased from £0.2m to £1m.

"It is a problem area, clearly an area for restructuring, "Mr David Plastow, the chief executive said.

Sir Peter Matthews, the chairman, said the group had been reviewing its businesses "with a view to identifying those activities of reasonable size and international presence which offer the best prospects for profitable growth, in the firm belief that we should concentrate financial and managerial resources on fewer but more substantial businesses."

Oo future trading prospects, he said that no clear recovery in demand for Vickers products could be reported yet "although recent changes in exchange rates have naturally made them more competitive."

Sir Peter reported that the company's petitions to the European Commission of Human Rights for improved compensation from the British Government for its natiooalised shipbuilding and aircraft assets had been declared admissible by the European Commission last month.

If an amicable settlement cannot be reached, the Commission would then transmit its views to the Committee of Ministers for decision.

# Massey Ferguson concerned at Brazilian credit terms

BY LORNE BARLING

MASSEY FERGUSON of the UK, the tractor manufacturer, yesterday expressed serious concern to Lord Cockfield, the UK Trade Secretary, over Britain'e inability to match credit terms offered by Brazil and at the consequent loss of exports from Britain.

The company said it had recently lost almost all its markets in Central and South America to Brazilian companies because credit terms and export rebates could not be matched by Britain's Export Credits Guarantee Department.

"The same thing is now taking place in African and Asian markets, but although the ECGD in particular, and the British Government generally, have been made aware of this, they have, by and large, shown no desire to assist us to match Brazilian terms," the company said.

The matter was raised by Massey Ferguson as part of an approach to Lord Cockfield by e delegation from Coventry, which included represeotatives from Courtaulds, Talbot and Automotive Products.


Lord Cockfield

The delegation was seeking a number of measures by the Government to assist exporters, such as improved ECGD cover in high-risk markets and steps to reduce unfair tariff and non-tariff barriers.

Massey Ferguson added that a number of international companies were now increasing their dependence on Brazil, as part of their worldwide strategies.

Ford, for example, was making more use of its Brazilian tractor plant for simple specification tractors.

Lord Cockfield said after the meeting that the matter of export terms offered by Brazil, particularly in relation to tractors, had recently been raised with the Brazilian Government.

"They are outside the terms of the Consensus (the international export credit arrangement) oo export credits, but this must be seen in the light of Brazil'a severe economic problems," he said.

# Albright & Wilson advances

By Our Financial Staff

IN THE YEAR ended December 28 1982, sales by the Albright & Wilson group of chemical manufacturers rose 6 per cent to nearly £511m and profit before tax advanced from £9.24m to £13.31m. The company is a subsidiary of Tenneco International of the U.S.

The sales increase was achieved despite the sale of the Bush Boake Allen flavour and fragrance operations at the end of September. There was an improvement in UK export sales volume, a decline in North American sales, maintained volume within the UK and some increases in selling prices.

The improvement in profit was greater in the UK than overseas but the latter continued to be the main source of profits – the weakening of sterling enhanced the value of the overseas cootribution. In the UK a substantial contribution was made by improvements in productivity.

Extraordinary losses came to £6.38m (profit £1.02m) and were mainly the loss on disposal of the Bush Boake Allen sale.

■ ALBRIGHT & WILSON
*Chemical manufacturer*

| Year to Dec 28 | 1982 | 1981 |
|---|---|---|
| | £ | £ |
| Sales | 510.98m | 482.47m |
| Pre-tax profit | 13.31m | 9.24m |
| Tax | 4.91m | 3.89 |
| Attributable Profit" | 7.72m | 4.49m |
| Earnings per share | — | — |
| Dividend | 2.95d | 0p |

" before extraordinary items

# Blagden reports downturn to £1.74m

BY OUR FINANCIAL STAFF

TIGHTER margins affected profits at Blagden Industries, which reports a downturn of £366,000 to £712,000 in the second-half taxable surplus for the year to December 26, 1982. Pre-tax profits for the year slipped from £2.01m to £1.74m on higher sales of £62.18m against £58.63m.

In recent weeks, the directors say, there has been some upturn in demand, accompanied by signs of an improvement in business confidence which they hope heralds the end of the recession. If the trend continues, they say the company will have a "much more successful year."

The net second interim has been held at 3p, which maintains the year's total at 6p. Earnings per 25p share improved from 8.5p to 12.5p.

The chemical and industrial equipment divisions consistently improved over the year, but container profits suffered from a fall in demand.

A divisional breakdown of trading profits, which fell from £2.57m to £2.33m, shows: manufactured and reconditioned drums and casks £1.5m (£1.68m); plastics, mouldings, plating and transformers £43,000 (£242,000); chemicals £433,000 (£362,000) and industrial protective equipment £353,000 (£277,000).

There were extraordinary debits of £149,000 (credits £15,000) arising from closure costs at the Aberdeen cooperage and the Hamburg steel drum reconditioning plant.

# Airship Industries plans one for two rights worth £5.87m

BY DOMINIC LAWSON

AIRSHIP INDUSTRIES (AI) yesterdey announced a one for two rights issue worth £5.87m with 4.19m shares being offered at 140p per share. Certain shareholders have already agreed to take up about a third of the issue, and the balance has beeo uoderwritten by Hambros Bank and Orion Royal Bank.

The company has also applied to join the Unlisted Securities Market, by way of an introduction and dealings are expected to begin on March 7.

Airship Industries is involved in the design manufacture and flight operation of a new generatioo of non-rigid airahips, incorporating new design feotures, such as vectoring propellers to provide vertical take off and landing. The lift gas is non-combustible helium, thus eliminating dangers associated with earlier, hydrogen-filled airships.

Proceeds of the issue will meet the financing requirements of the production programme to March 31 1984, involving the completion and certification of eight Skyships. The current sale price of the Skyship 500 is about £1.25m, and that of the larger and faster 600 model is about £1.6m.

Contracts for the sale of three Skyships have been agreed, providing they meet their performance targets and achieve additional certification levels. Leases for two further craft have been signed.

Mr Keith Wickenden, the chairman of AI, said yesterday that "although the company's success depends on achieving its demanding sales programme to March 1984, our commanding lead in lighter-than-air technology and the production of non-rigid airships for civil and military purposes, leaves us well-placed to achieve both significant penetratioo of many poteotial markets and profitable operation."

The directors of AI forecast that the loss for the eight months to March 1983 will not be greater than £2.4m. In view of the significant losses accumulated by the company to date, no dividends are anticipated in the near future. A dividend is not intended until those losses have been extinguished.

Significant institutional shareholders include European Ferries, The Royol Bank of Canada, Commercial Union, and Citicorp.

## LONDON RECENT ISSUES

### EQUITIES

| Issue price | Amount paid up | Latest Renun. date | 1982/3 High | Low | Stock | Closing price | + or − | Net Div. | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 112 | F.P. | 15/3 | 146 | 128 | Assoc. British Ports | 139 | −4 | 07.0 | 1.5 | 7.2 | 15.2 |
| §100 | F.P. | 22/4 | 105 | 100 | Br. Kidney Pat. As. | 105 | .. | — | — | — | — |
| §74 | F.P. | 21/1 | 158 | 108 | ✠Canearmoor | 133 | +1 | b3.64 | 2.0 | 3.3 | 16.1 |
| §38 | F.P. | 8/4 | 112 | 90 | ✠H8 Elect Comps 10p | 35 | +5 | u1.12 | 3.2 | 1.7 | 21.3 |
| §190 | F.P. | 4/3 | 388 | 305 | ✠Microgen | 320 | | b4.0 | 2.9 | 1.8 | 26.4 |
| §155 | F.P. | 7/1 | 256 | 198 | ✠Munford & White | 198 | −25 | b2.6 | 2.4 | 1.9 | 31.3 |
| §93 | F.P. | 4/2 | 188 | 145 | ✠Resource Tech.10p | 158 | .. | — | — | — | 30.4 |
| ‖ | F.P. | — | 110 | 83 | ✠Sinclair (Wm.) | 83 | −4 | ‡4.25 | 1.0 | 7.3 | 20.1 |
| ‖ | F.P. | — | 105 | 77 | Do. Defd. | 78 | −2 | — | — | — | — |
| 175 | F.P. | 25/3 | 303 | 253 | Superdrug Stores 10p | 253 | −15 | bd5.5 | 2.4 | 2.0 | 29.3 |
| 120 | F.P. | — | 125 | 100 | ✠*Swindon Priv Nos £1* | 103 | −1 | — | — | — | — |
| §10 | F.P. | 11/3 | 29 | 22 | ✠Tole.Services Int 1p | 22 | −1½ | b0.2 | 3.5 | 1.3 | 35.7 |
| §10½ | F.P. | — | 78 | 16 | ✠Tops Estates 10p | 52 | −3 | — | — | — | — |
| §72 | F.P. | 30/3 | 107 | 89 | ✠Utd. Packaging 10p | 94 | +1 | b2.5 | 3.2 | 3.8 | 10.0 |
| §150 | F.P. | 18/2 | 340 | 285 | ✠WightCollinsR.S10p | 295 | −5 | bd2.75 | 3.3 | 1.3 | 32.9 |
| — | F.P. | 3/3 | 25 | 21 | Yorks & Lancs.W'rrnts | 22 | ...... | — | — | — | — |

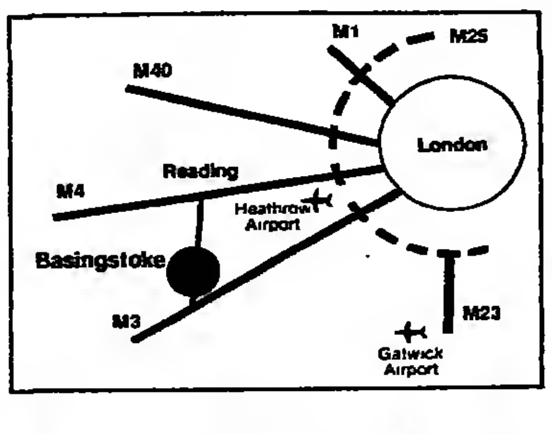
### FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1982/3 High | Low | Stock | Closing price £ | + or − |
|---|---|---|---|---|---|---|---|
| 97.604 | £25 | 4/3 | 29½ | 15¾ | BOC 12¼% Uns. Ln. 2012-17 | 20½ | +¾ |
| 99.431 | £20 | 10/4 | 21⅞ | 12 | Birmingham 11½% Red. 2012 | 14 | ...... |
| •• | F.P. | — | 224p | 188p | Electro-Protective 7% Cnv. Prf. | 192p | +4 |
| ¶ | F.P. | 29/7 | 100½ | 100 | Mid Sussex Water 7% Red. Pref. '88-90 | 100¼ | ...... |
| — | — | — | 100¼ | 99 | Nationwide Bdg. Soc. 11⅞% Bds. 25/1/84 | 100¼ | ...... |
| — | — | — | 100½ | 100 | Do. 11⅞% Bds. 15/2/84 | 100½ | ...... |
| §97.174 | £26 | 6/5 | 28 | 22 | Pearson (S) 13% Uns. Ln. 2007 | 26 | +½ |
| 96.56 | £25 | 8/7 | 28 | 23½ | Sweden 13½% Ln. Stk. 2010 | 28 | +⅝ |

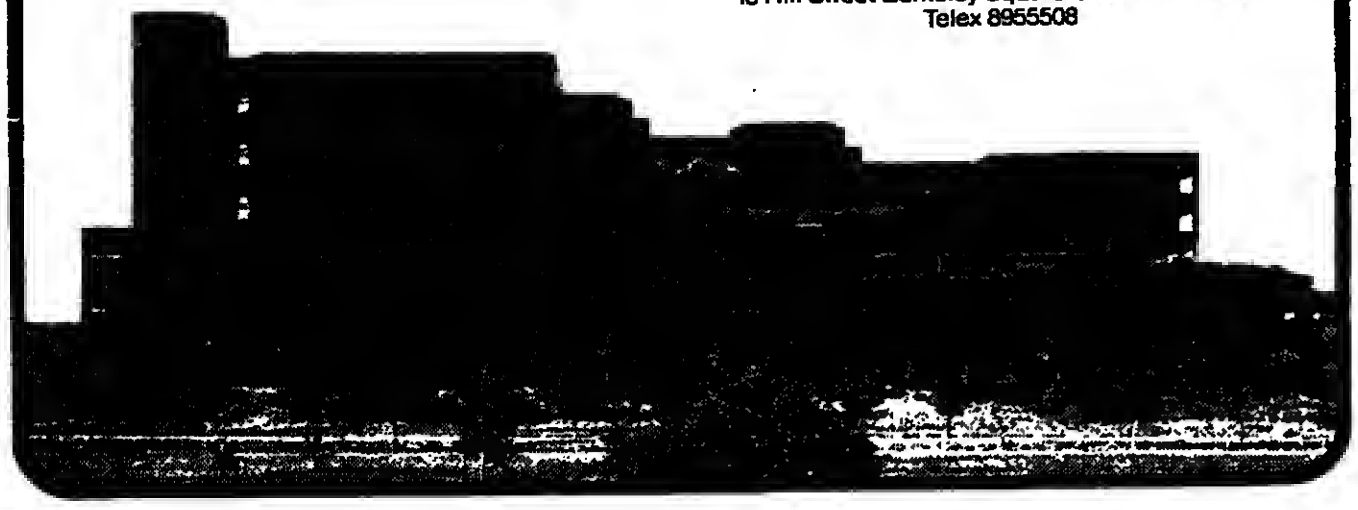
### "RIGHTS" OFFERS

| Issue price | Amount paid up | Latest Renunc. date ● | ■ | 1982/3 High | Low | Stock | Closing price | + or − |
|---|---|---|---|---|---|---|---|---|
| 250 | F.P. | 26/2 | 28/4 | 312 | 273 | AGB Research 10p | 310 | −2 |
| 8½ | Nil | 4/3 | 28/3 | 13pm | 9pm | Audiotronic 8½p | 9½pm | +½ |
| 60 | F.P. | 8/2 | 8/3 | 55 | 45 | Cluff Oil 'B' | 45 | −5 |
| 73 | Nil | 7/3 | 15/3 | 28pm | 12½pm | Dominion Int. 20p | 28pm | +3 |
| 163 | Nil | 11/3 | 10/6 | 20pm | 10pm | Geers Gross 10p | 10pm | −2 |
| 90 | F.P. | 31/2 | 7/4 | 147 | 130 | Grosvenor Group | 147 | ...... |
| 60 | F.P. | 14/1 | 11/2 | 79 | 65 | ICL | 74 | ...... |
| 46 | F.P. | 14/2 | 11/3 | 60 | 51 | LCP | 58 | −1 |
| 85 | Nil | — | — | 4pm | 3pm | Mettoy | 3pm | ...... |
| 27 | F.P. | 21/7 | 7/4 | 35½ | 32 | Mount Charlotte 10p | 35½ | ...... |
| A$1.50 | Nil | — | — | 51pm | 44pm | North B. Hill 50c | 51pm | +1 |
| 83 | F.P. | 7/2 | 21/3 | 122 | 106 | NSS News 10p | 120 | ...... |
| 60cts | Nil | 11/3 | — | 2½pm | ¼pm | Rand Lon. Corp. 15cts | ¼pm | −¼ |
| 58 | F.P. | 3/2 | 29/4 | 71 | 61 | Stakis 10p | 71 | ...... |
| 400 | Nil | 4/3 | 22/4 | 90pm | 25pm | Ultramar | 26pm | −11 |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. d Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." "" Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ⌈⌉ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ]] Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.





# MINING NEWS

## Profit made in first half by CAIL

AUSTRALIA'S Coal aod Allied Industries (CAIL), the producer of coking and steaming coal in the Huoter Valley of New South Wales, has moved back into profit during the first half of its current year to Juoe 30.

It has earned a pre-tax profit of A$3.47m (£2.19m) in the period compared with a profit of A$3.77m in the same period of 1981-82 and a loss of A$4.7m in the second half of that year, reports Lachlan Drommond from Sydney.

After a tax credit on the latest occasion of A$160,000 compared with one of A$1.78m a year ago, the latest half-year net profit comes out at A$3.63m against A$5.54m a year ago. The interim divideod has been maintained at 6 cents.

Overall turnover of the group in the latest half year rose by 25.5 per cent to A$171.4m. Total coal sales were 20 per cent up at 3.92m tonnes of which increased exports accounted for 2.62m tonnes.

CAIL remains dissatisfied with the profit performance. The directors polot to the adverse effects of high productioo aod distribution costs, high interest rates and Government charges, together with a weakeoing market for coking coal and, to a lesser extent, steaming coal.

CAIL's interest charges more than doubled to A$5.5m despite the raising of cash via a rights issue and other financing moves designed to limit interest costs.

The company comments on "releotless" downward pressure on coal contract prices and tonnages in Japan, saying that Australian producers are finding it difficult to resist making price cuts in the face of reductions already made by coal suppliers from other countries.

However, the company believes that the market position brought about by the fall in oil prices and the reduced demand for coal from the steel, cement and power industries may be short-lived.



## Noranda sees light at the end of the tunnel

BY KENNETH MARSTON, MINING EDITOR

CANADA'S LEADING natural resources group, Noranda Mines, saw a glimmering of light in the final quarter of 1982. It came from a small profit on the metals and minerals operations, but this was outweighed by continued recession in areas, particularly the forest products.

**Bullion's rapid fall towards the $400 per ounce level caused heavy selling of leading South African gold shares from Johannesburg, the Continent and London, wiping up to £5 off the share prices of several of the heavyweights. New York sellers, by contrast, seemed relnctant to part with their shares, with the result that most pricea rallied a little from their lows towards the close of trading in London. The Gold Mines Index nevertheless closed showing its biggest-ever one-day fall at 563.9, down 62.8 points.**

Thanks to a gain of C$57.2m (£30.5m) on the aale of U.S. tax credits Noranda cancelled out a final quarter loss of C$14.1m to emerge with a net profit for the period of C$43.1m.

However, thia still left the group with a loss for the full year of C$82.9m, or one dollar per share, compared with a net profit of C$164.6m in 1981.

John Soganich reports from Toronto thal revenue in 1982 declined to C$2.83bn from C$3bn in 1981. During the past year all business segmenta contributed to the loss with the most serious losses being incurred by forest products and aluminium operations.

Cautiously, Noranda comments: "It appears that a aluggish economic recovery will begin in 1983, led by a revival in North American housing ond automobile markets. This should improve the markets for some Noranda group products, notably lumber, copper and aluminium.

"Together with the cost reduction measures in effect and lower interest rales this could produce an improvement in Norando's 1983 results, particularly during the second half of the year." But the company warns that unless the recovery is stronger than expected, results will still be unsalisfactory and "reasonable" earnings will not be achieved until 1984-85.

## Rio Algom earnings fall 73%

THE Rio Tinto-Zinc group's Canadiao arm, Rio Algom, has done better in the final quarter of 1982 than in the third. But total earnings for 1982 are still 73 per cent down at C$17.8m (£9.5m), or 98 cents per share, compared with C$65.8m in 1981. Last year's revenue fell 17 per cent to C$760.2m.

While uranium earnings in 1982 were sligbtly lower, the weakness of copper and molybdenum prices caused the 68.1 per cent-owned Loroex Mining to ruo into a net loss of C$11.14m despite expanded production of the two metals.

The combined steel manufacturing and metals distribution activities of Rio Algom also lost money because of weak markets, depressed prices and higher costs. RTZ has a 52.7 per cent beneficial Interest in Rio Algom.

## Wheal Jane exploration could lead to expansion

FOLLOWING a story of continuing, albeit gradual, success since reopening the Wheal Jane tin mine in Corowall in June 1979, Rio Tinto-Zinc has now filed applications for planning permission for further exploration.

If the exploration work is successful in proving up new deposits of tin or other metals, it could eventually lead to an expansion of the operation, reports Our Correspondent in Bodmin.

Mr Brian Calver, managing director of Carnon Consolidated Tin Mines, the RTZ subsidiary which operates Wheal Jane, said the company was epplying for permission for underground exploration covering an area of 2,000 acres.

If the underground exploration does lead to an expansion at the mine, at Bissoe six miles from Truro, Carnon will consider reprocessing almost 1.5m tonnes of tailings at the mine site.

This waste material dates from between 1956 and 1965, and Mr Calver said that refinements since then in Wheal Jane's flotation plant give a clear indication that a lot more tin could be extracted.

Local observers are expectiog Carnon to have no problem in obtaining permission to go ahead with its exploration efforts, as any expansion of production at Wheal Jane would have considerable employment implications in a depressed area.

The mine is currently producing at an annual rale of 1,700 tonnea of tin. Wheal Jane can break even at a tin price of just under £7,000 per tonne, and any expansion of output would probably lower that figure.

The tine price was just abovo £8,700 yesterday.

## International round-up

THE LONDON-REGISTERED East Rand Consolidated investment company has announced a rights issue to raise around £1.45m. The terms are 36-for-100 et 22p, and a total of 6.61m shares will be issued.

The company reported ettributable profils for 1982 of £1.06m, up from £436,400 in 1981, with the bulk of the advance being accounted for by an extraordinary credit of £536,200 arising from tha sale of one substantial investment in the South African portfolio.

The dividend is being raised from 1.1p to 1.15p. Net assets per share are shown at 37.6p, up from 29.9p at the end of 1981. This compares with yesterday'a London share price of 25p.

Australia's Paringa Mining and Exploration plans to raise A$4.2m (£2.6m) by way of an underwritten rights issue of one-for-two at 75 cents e share.

A total of 5.63m new shares will be issued, but Paringa's major shareholder, Apollo International Minerals, has indicated that it does not intend to take up its entitlement.

Paringa said the issue was intended to place the company in a position to take advantage of opportunities which may arise in the near future.

* * *

Balmoral Resources, a Perth-based exploration company, has acquired a 25 per cent interest in several prospecting licences and mining leases covering an area of 2,000 acres to the north and north-east of Coolgardie, Western Australia.

The area is of complex geological structure, but is known to contain gold mineralisation, evidenced by 13 small mines which are no longer in production and one which is still being operated.

Records indicate an average recovery grade of around 14 grammes of gold per tonne, and Balmoral hopes to prove up an open-pit operation with a large tonnage and a grade of about 4 grammes per tonne.

Pamour Porcupine Mines, a Noranda-controlled producer of gold, silver and copper in the Timmins district of north-eastern Ontario, showed fourth-quarter net profits of C$3.2m (£1.7m). This was not enough, however, to offset entirely the losses suffered earlier in the year.

As a result, the company made a net loss for 1982 of C$1.3m, against 1981'a C$11.8m. The big los for 1981 reflected Pamour's extraordinary write-off of C$5.6m on the company's 50 per cent interest in the Ontario lead, zinc and silver project in Utah.

* * *

Canada's gold-producing Kerr Addison Mines, a member of the Noranda group, made net profits las year of C$9.1m (£4.9m), compared with C$46m in the previous year.

The company had forecast a sharp fall early in the year, as it did not expect the high returns from associated companies in 1981 to recur in 1982.

Kerr Addison has a stake of 10.4 per cent in Noranda.

* * *

The Malaysian tin producer Killinghall Tin had net profits last year of M$8.03m (£2.3m), a little lower than the previous year's M$8.49m.

The finel dividend is 10 cents, down from 55 cents, mekiog a total of 50 cents against 100 cents for 1981. A scrip issue of two-for-five will be made.

Killinghall also proposes a share split to lower the nominal value from M$1 to 50 cents.

## Barclays plans new cheque account

By Alan Friedman, Banking Correspondent

BARCLAYS BANK yesterday followed the earlier initiatives of Lloyds Bank and Midland Bank by introducing its own interest-bearing cheque account, to be called Cashplan.

The new Barclays account, which by coincidence is being launched on the same day as the new interest-bearing cheque account from Abbey National Building Society, offers customers interest on credit balances at the rate of 6.5 per cent.

Overdrafts, meanwhile, will cost Barclays Cashplan customers 18.25 per cent (a true annual rate of 19.5 per cent), which is significantly higher than the normal overdraft rate for current account customers – around 3 to 4 per cent over the present 11 per cent base rate.

In addition, Barclays plans to charge customers 40p for each withdrawal by cheque and 20p for each direct debit. There is also a requirement that customers transfer at least £10 per month from their main current account. The Cashplan scheme provides separate cheque book, Barclaybank card, standing orders and direct debits.

Like the Midland and Lloyds plans already in action, the Barclays programme offers customers a revolving credit facility. It provides a credit line of 30 times the agreed monthly payment up to a maximum of £3,000.

Barclays Bank yesterday denied that the 16.25 per cent overdraft rate was too high. "The interest and overdraft rates are pitched at a level that is very competitive," said a Barclays executive.

Lloyds Bank introduced its Cashflow scheme in October 1980, a similar account which calls for a £20 monthly deposit and currently pays interest at 5 per cent and charges 16 per cent for overdrafts. Lloyds Bank has 187,000 Cashflow account holders.

Midland Bank introduced its Save and Borrow scheme last September, stipulating £10 monthly payments and currently charging 16.5 per cent for overdrafts and paying 6.75 per cent interest. Midland said it bas 93,000 account holders, of which 35,000 have been generated since the launch of Save and Borrow last September.

The remaining 58,000 accounts existed in a previous scheme called the Personal Credit Plan Account which was subsumed by Save and Borrow.

## Hampton Trust gold mine to be reopened

THE UK-registered Hampton Trust has signed an agreement with a local mining syndicate in Western Australia to reopen the company's Mount Martin gold mine on Location 45, some 20 kilometres south of Kalgoorlie.

Hampton Trust will get a 10 per cent royalty on all gold extracted.

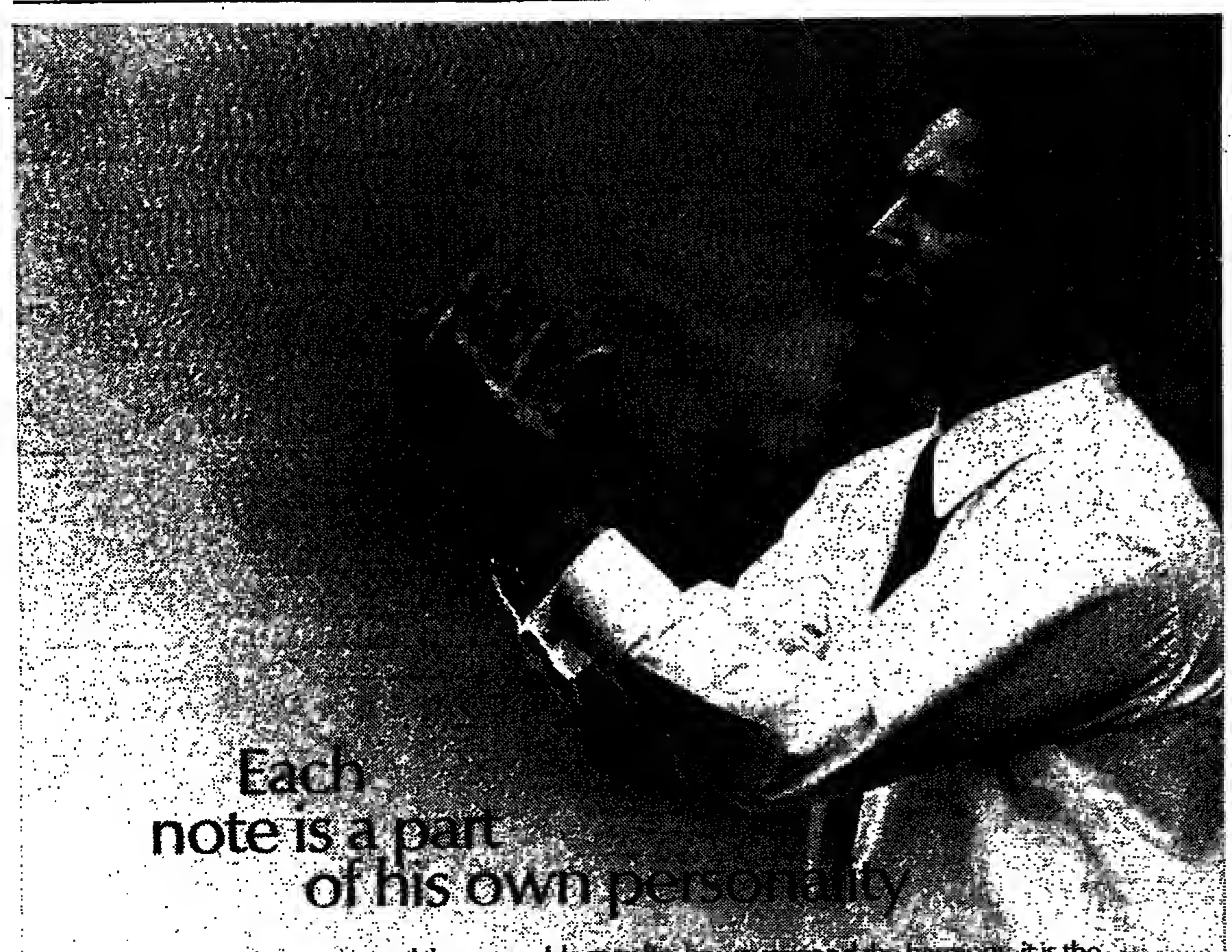
The mine was last worked in the 1930s. It will be de-watered by the syndicate under the agreement which is initially for a period of six months.

The 24 acre area covering the mine Is part of e block of 600 acres. The main part of Location 45, covering 16,208 acres, ia leased to Western Mining Corporation under a three-year exploration agreement.

## BASE LENDING RATES

| | |
|---|---|
| A.B.N. Bank | 11 % |
| Allied Irish Bank | 11 % |
| Amro Bank | 11 % |
| Henry Ansbacher | 11 % |
| Arbuthnot Latham | 11 % |
| Armco Trust Ltd. | 11 % |
| Associates Cap. Corp. | 11 % |
| Banco de Bilbao | 11 % |
| Bank Hapoalim BM | 11 % |
| BCCI | 11 % |
| Bank of Ireland | 11 % |
| Bank Leumi (UK) plc | 11 % |
| Bank of Cyprus | 11 % |
| Bank Street Sec. Ltd. | 10½% |
| Banque Belge Ltd. | 11 % |
| Banque du Rhone | 12 % |
| Barclays Bank | 11 % |
| Beneficial Trust Ltd. | 12 % |
| Bremar Holdings Ltd. | 12 % |
| Brit. Bank of Mid. East | 11 % |
| ■ Brown Shipley | 11 % |
| Canada Perm't Trust | 11½% |
| Castle Court Trust Ltd. | 11½% |
| Cayzer Ltd. | 11 % |
| Cedar Holdings | 11 % |
| ■ Charterhouse Japhet | 11 % |
| Choulartons | 11½% |
| Citibank Savings | ¶ 9 % |
| Clydesdale Bank | 11 % |
| C. E. Coates | 12 % |
| Comm. Bk. of N. East | 11 % |
| Consolidated Credits | 11 % |
| Co-operative Bank | *11 % |
| The Cyprus Popular Bk | 11 % |
| Duncan Lawrie | 11 % |
| E. T. Trust | 11 % |
| Exeter Trust Ltd. | 12 % |
| First Nat. Fin. Corp. | 13½% |
| First Nat. Secs. Ltd. | 13 % |
| Robert Fraser | 12 % |
| Grindlays Bank | ‡11 % |
| ■ Guinness Mahon | 11 % |
| Gulf G'tee Trust Ltd. | 12 % |
| ■ Hambros Bank | 11 % |
| Hargrave Secs. Ltd. | 11 % |
| Heritable & Gen. Trust | 11 % |
| ■ Hill Samuel | §11 % |
| C. Hoare & Co. | †11 % |
| Hongkong & Shanghai | 11 % |
| Kingsnorth Trust Ltd. | 12 % |
| Knowsley & Co. Ltd. | 11½% |
| Lloyds Bank | 11 % |
| Mallinhall Limited | 11 % |
| Edward Manson & Co. | 12 % |
| Midland Bank | 11 % |
| ■ Morgan Grenfell | 11 % |
| National Westminster | 11 % |
| Norwich Gen. Tst. | 11 % |
| P. S. Refson & Co. | 11 % |
| Royal Trust Co. Canada | 11 % |
| Roxburghe Guarantee | 11½% |
| Slavenburg's Bank | 11 % |
| Standard Chartered | 11 % |
| Trade Dev. Bank | 11 % |
| Trustee Savings Bank | 11 % |
| TCB | 11 % |
| United Bank of Kuwait | 11 % |
| Volkskas Intl. Ltd. | 11 % |
| Westpac Banking Corp. | 11 % |
| Whiteaway Laidlaw | 11½% |
| Williams & Glyn's | 11 % |
| Wintrust Secs. Ltd. | 11 % |
| Yorkshire Bank | 11 % |

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%. 1-month 8.25%. Short-term £8,000/12-months 10.6%.
† 7-day deposits on sums of: under £10,000 8%, £10,000 up to £50,000 8¾%, £50,000 and over 9½%.
‡ Call deposits £1,000 and over 8%.
|| 21-day deposits over £1,000 9%.
§ Demand deposits 8%.
¶ Mortgage base rate.



# BIDS AND DEALS

## Leyland Paint in £2m retail disposal

Leyland Paint and Wallpaper has agreed to dispose of 46 retail outlets to Jacoa a leading DIY retailer.

Consideration for the properties, which include four freeholds and the fixtures and fittings, is £899,160 (book value £760,000) plus stock at valuation. It is estimated that total proceeds of sale will amount to approximately £2m.

The sum of £626,075 will be payable on March 7 1983, £273,085 on March 14 and the balance relating to the value of the stock on April 30.

Leyland also intends to appoint Jacoa as managing agents for its remaining 45 retail outlets which will continue to operate as DIY stores selling mainly Leyland manufactured products.

Traditionally the directors say there has always been some marketing conflict between the company's manufacturing and retailing activities. Besides reducing gearing they feel that this disposal will allow management to devote its skills towards further development of the company's manufacturing interests.

### HELENE BUYS

Mr Gordon Hosfield and Mr Mark Homan, partners in Price Waterhouse who were appointed joint receivers and managers of L.C. (Tailorwear) last December, have sold the factory, stock and plant to Helene of London for some £320,000.

The company produces high quality children's outerwear and will continue manufacture at Newcastle-upon-Tyne.

The sale does not include the operation of the subsidiary company in Blyth.

### UKO INTL.

Consult International has disposed of its entire holding of 1,667,358 shares in UKO International.

### W. CANNING SALE

W. Canning, the chemicals, metals and electronics group, has contracted to sell its Australian subsidiary for £461,000 at present exchange rates, and will also obtain repayment of £190,000 inner-company indebtedness. The consideration approximates to net assets at January 31 1983.

The subsidiary, Lawrence Smith and Canning Pty, is being sold to Healing Industries of New Zealand, subject to authorisation of the appropriate bodies.

It is anticipated that the property owned by Canning and leased to Lawrence Smith will be sold later. It has recently been independently valued at £650,000.

Canning expects the income from future royalties, property lease and interest savings will exceed the annual income generated by Lawrence Smith in recent years.

## Duport sells Slumberland for £0.47m to Melatex

BY CHARLES BATCHELOR

Duport, the engineering and domestic equipment group, has finally sold its loss-making Slumberland bedmaking business after two previous attempts ended in failure.

Melatex, a newly-formed company in which Drake Foam, part of the Oldham-based L & J. Hyman group, has a minority holding, has paid £465,376 cash for Slumberland.

Duport, based in Tipton, West Midlands, will however retain its profitable Vi-Spring bedding operation located in Plymouth.

Duport had earlier held talks about the sale of Slumberland with Silentnight Holdings, Britain's largest bedmaker, but these broke down last October.

In December Duport announced that Airsprung Group of Trowbridge, Wiltshire, would buy the rights to the Slumberland trade name and take over Vi-Spring as a going concern for £2.25m.

These plans were also dropped however, it emerged yesterday. Mr Henry Mitchell, financial controller at Duport, said agreement had finally been reached with Meletex because this deal *would allow it to retain its* Vi-Spring interests.

"We had a better approach from the people we finally sold to," he added. "Under the deal with Airsprung we would have had all the costs of shutting down the Slumberland operation."

The Vi-Spring activities retained by Duport account for turnover of about £3m and employ 100 people.

Melatex, in which a majority is held by private investors alongside Draka Foam, expects to have to shed about one-third of the 300 jobs at Slumberland.

"I have been looking at the accounts and walking round the factory and a lot can be put right in a very short time," said Mr Peter Buckley, chairman and chief executive of Hyman.

"I would be disappointed if I don't turn it round to profit in the next few months. It has been treated as a group subsidiary by Duport which has meant they have looked at it from a distance.

"It has had to carry high management charges, for example, and high computer costs."

Hyman, which is a publicly-quoted converter and manufacturer of plastic foam, expects to gain an immediate boost from orders worth £400,000-£500,000 from Slumberland.

## Caparo steps up Barton stake

Caparo Industries, the wholly-owned manufacturing subsidiary of Caparo Group, has bought a further 575,000 shares in Barton Group. This takes Caparo's stake in the tubing and foundry, industrial services and engineering group to almost 4.66m, or 19.4 per cent.

Caparo Industries, the engineering and industrial services group headed by Mr Swraj Paul, first bought a stake in Barton more than a year ago.

Asked yesterday if Caparo was preparing for a bid, Mr James Leek, the company's chief executive, said: "Our purchases *started as an investment* and may well end up as an investment."

At present, Caparo has stakes ranging from five to 10 per cent in three other companies—Brockhouse, Richardson Westgarth and Arthur Lee.

"If people assume that these are all going to be taken over, then they are going to be sadly upset," Mr Leek said.

Caparo has nevertheless made three acquisitions in recent *months*. Most *recently*, it paid £2.56m for E. Austin, the loss-making forklift business based in Hertfordshire. In November last year, it bought Harlock, which manufactures attachments for forklift trucks, for just under £400,000. It has also recently bought Ralph and Co. (Birmingham), a bar and forging steel stockholding business, for £250,000.

Early last year, Caparo built up a 20 per cent stake in Ductile Steels, only to dispose of its holding to Glynwed when the latter made an agreed bid in May. The profits from this disposal, estimated at about £1.7m have underwritten some of Caparo's recent investments.

Mr Leek preferred not to comment on the group's overall acquisition policy until annual accounts are published late in April. At that stage, the company will have reached firmer conclusions about the role to be played by E. Austin inside the group.

For the first six months of 1982, Caparo Industries earned pre-tax profits of £159,000, up from £117,000 in the comparable period a year earlier. Turnover was over £26m, compared with £12.75m. Net borrowings for the group are understood to be at about the same level as they were 12 months ago—around £10m.

## Redland in bid for Ruga Beheer

Redland, whose £34.7m bid for Leicestershire brick-maker Ibstock Johnsen is currently under a monopolies investigation, is to take part in a £1.2m offer for Ibstock's loss-making Dutch subsidiary, Ruga Beheer.

Redland-Braas-Bredero Europa (RBB), which is jointly owned with the Dutch construction group Verenigde Bedrijven Bredero, will pay Fl 5m for net assets with a book value of about Fl 39m.

Ruga has six factories in the Netherlands with capacity of about 160m, mainly, facing bricks. The combined brick-making interests of Redland and Bredero in the Netherlands now account for 300m bricks, 20 per cent of total Dutch capacity.

A financial reorganisation at Ruga, which is to be carried out before completion of the deal, will lead to the net asset value of Fl 39m.

Ibstock has now quantified a further write-off of assets in its 1982 accounts foreshadowed in December as about Fl 34m (£7.5m). This comes after a write-off of Fl 8.9m in the interim accounts.

Trading conditions in the Netherlands have been difficult for some time and significant losses have been incurred in recent years, including an estimated trading loss of £2.3m in 1982, Ibstock said.

Some redundancies will be necessary at Ruga under RBB but Ibstock's financial position will be much stronger, Mr Paul Hyde-Thomson, the chairman, said.

Ibstock has now quantified a continental Europe with its factory at Wanlin in South-East Belgium, which is being rebuilt following a fire.

The *Dutch* brick-making industry is currently in the process of agreeing voluntary capacity cuts.

The Monopolies and Mergers Commission is studying the implications of Redland's bid for Ibstock together with those of the rival but *lower* offer from *London* Brick.

## Bowater acquires Blue Circle building offshoot

Bowater Corporation has acquired Johnstons and Paton, builders merchant, from Blue Circle Industries. Blue Circle announced its intention to dispose of this subsidiary last October.

The acquisition follows Bowater's policy of developing new business activities.

Johnstons and Paton, which has 14 depots in Scotland with an annual turnover of £20m, will join Crossley, Bowater's builders' merchanting business. Crossley's chief executive, Mr H. W. Usherwood, becomes chairman of Johnstons and Paton and Mr J. R. F. Martin, remains as managing director.

Crossley alreadys has 26 depots in north-east and eastern England and six in Scotland. It has expanded rapidly since its acquisition by Bowater in 1978, and further expansion, both in England and in Scotland, is planned. The combined operations create one of the largest heavy building materials distributors in the UK, with an annual turnover of some £50m.

Bowater has been advised in this transaction by Kleinwort Benson and Blue Circle by Baring Brothers and Co.

Blue Circle announces that its offer for Aberthaw Cement has been declared unconditional and will remain open. It now owns 88.53 per cent of the ordinary capital.

## Alpine Hldgs. suspended on acquisition agreement

Alpine Holdings, which manufactures and installs double glazing and shower fitings, yesterday called for suspension of its shares following preliminary agreement on "a substantial acquisition."

Mr Ralph Kanter, the company's managing director, said that he hoped a further announcement would be made on Thursday. The company's shares were suspended at 97p, a penny up on the day.

With figures for the financial year ended a month ago currently being audited, comment on the backdrop to the acquisition was impossible, Mr Kanter said.

However, it is understood that the company along with other manufacturers in the same sector has seen strong growth in orders *over the past six* months, as falling interest rates have triggered a rise in demand for double glazing and showers.

From the boom years of 1978 and 1979, Alpine went through two difficult years up to the beginning of 1982. At the half year stage, chairman Mr James Gulliver forecast "satisfactory progress" for the year. Half-year pre-tax profits were £676,000, up from £502,000 a year earlier, with turnover marginally ahead at £15.2m.

The company is understood to have cash resources of about £2m, unchanged from a year ago. Mr Kanter did not disclose how any purchase would be funded.

### DOLLONDS

Mr A. P. Ward and Mr N. Fetterman have agreed terms for the purchase from Mr J. W. Davies, chairman and managing director of Dollonds Photographic, and certain of his associates, of their holdings in Dollonds totalling 465,014 Ordinary shares (53.84 per cent).

The shares will be bought by a private limited company wholly owned by Mr Ward and Mr Fetterman, at 37½p per share, cash.

The new company will make a cash offer of 37½p per share for all remaining issued Ordinary.

### HANOVER/DRUCE

Hanover Investments (Holdings) has now completed the acquisition of Druce Investments, estate agency. The principal vendors and directors of Druce, Mr A. R. Shaw and Mr S. A. Parnes, have joined the board of Hanover.

As forecast, Hanover has declared a second interim dividend of 1.5p, making an unchanged 1.85p net for the year ended February 28 1983.

### MONARCH

Monarch Adhesives has aquired Alfred Adams and Co from Kemanobel (UK). Adams will continue its existing business of the manufacture of industrial glues and gelatines and with trade autonomously.

# AUTHORISED UNIT TRUSTS

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

[illegible]

## INSURANCES

[illegible]

# TRADED OPTIONS

## EUROPEAN OPTIONS EXCHANGE

| Series | | March Vol. | March Last | June Vol. | June Last | Sept. Vol. | Sept. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| D FL C | F.205 | 1 | 4.20 B | — | — | — | — | F.269.05 |
| D FL C | F.270 | 1 | 2 | — | — | — | — | " |
| D FL C | F.275 | 30 | 0.90 | — | — | 1 | 4 | " |
| D FL P | F.265 | .. | — | 8 | 4.50 | — | — | " |
| D FL P | F.265 | 10 | 1.50 A | — | — | — | — | " |
| D FL P | F.270 | 7 | 4.50 | — | — | — | — | " |
| | | May | | Aug. | | Nov. | | |
| GOLD C | $350 | 10 | 78 A | — | — | — | — | $409.50 |
| GOLD C | $400 | 17 | 45 | 10 | 65 | — | — | " |
| GOLD C | $425 | 178 | 31 | 6 | 50 | — | — | " |
| GOLD C | $450 | 165 | 18 | 90 | 42 A | — | — | " |
| GOLD C | $475 | 77 | 10 | 65 | 00 | 2 | 07 | " |
| GOLD C | $500 | 140 | 9 | 57 | 22 | 12 | 88 | " |
| GOLD C | $550 | 287 | 5.50 | 06 | 16 A | — | — | " |
| GOLD P | $350 | 23 | 0 | — | — | — | — | " |
| GOLD P | $375 | 200 | 6 | — | — | — | — | " |
| GOLD P | $400 | 324 | 20 | 45 | 26 B | — | — | " |
| GOLD P | $425 | 203 | 30 | 4 | 38 B | — | — | " |
| GOLD P | $450 | 542 | 52 | 24 | 56 B | — | — | " |
| GOLD P | $475 | 180 | 76 | 4 | 75 B | 0 | 78 | " |
| GOLD P | $500 | 278 | 90 B | 1 | 90 B | — | — | " |
| GOLD P | $550 | 15 | 135 B | — | — | — | — | " |
| 12¼ NL 81 87 01 | | | | | | | | |
| C | F.112.50 | 190 | 22.10 | — | — | — | — | F.134.60 |
| C | F.120 | 110 | 14.60 | — | — | — | — | " |
| C | F.127.50 | — | — | 5 | 7.50 | — | — | " |
| C | F.130 | 9 | 5.20 | — | — | — | — | " |
| C | F.135 | 64 | 9.80 | — | — | 4 | 3.60 | " |
| C | F.140 | 12 | 0.90 | — | — | — | — | " |
| P | F.135 | 10 | 3.50 | — | — | — | — | " |
| 10½ NL 80 86-85 | | | | | | | | |
| C | F.110 | — | — | 25 | 5.90 | — | — | F.115.20 |
| C | F.112.50 | 1 | 4.30 | 48 | 4.00 | — | — | " |
| P | F.115 | — | — | 2 | 3.30 | — | — | " |
| 11¼ NL 82 88 99 | | | | | | | | |
| C | F.112.50 | — | — | 3 | 5 | — | — | F.116.90 |
| C | F.115 | 20 | 2.50 | — | — | — | — | " |
| C | F.117.50 | 521 | 1.70 | — | — | — | — | " |
| 10 NL 82 86-89 | | | | | | | | |
| C | F.110 | 15 | 2.80 | — | — | — | — | F.112 |
| 7¾ NL 89 89-03 | | | | | | | | |
| C | F.102.50 | 15 | 0.80 | 460 | 1.60 | — | — | F.101.00 |
| P | F.102.50 | — | — | 020 | 2.80 | — | — | " |
| 7½ NL 83 87 00 | | | | | | | | |
| C | F.102.50 | 65 | 0.60 | — | — | — | — | F.100.50 |
| | | April | | July | | Oct. | | |
| ABN C | F.320 | 09 | 15.50 | — | — | — | — | F.328 |
| AKZO C | F.40 | 38 | 5.40 | — | — | 134 | 7 | F.44.40 |
| AKZO C | F.45 | 31 | 2.70 | 86 | 4 | — | — | " |
| AKZO C | F.50 | 421 | 1.10 | 37 | 2 | — | — | " |
| AKZO P | F.40 | 268 | 0.60 | — | — | — | — | " |
| AMRO C | F.45 | — | — | 40 | 5 | — | — | F.47.80 |
| AMRO C | F.50 | — | — | 54 | 2 | — | — | " |
| AMRO P | F.40 | 244 | 0.60 | — | — | — | — | " |
| AMRO P | F.45 | 31 | 2.50 | — | — | — | — | " |
| AMRO P | F.50 | 44 | 5 | — | — | — | — | " |
| HEIN C | F.110 | — | — | 110 | 10.50 | — | — | F.113.80 |
| HEIN C | F.120 | 61 | 3.60 | — | — | — | — | " |
| HOOG C | F.17.50 | 48 | 2.40 | — | — | — | — | F.10.70 |
| HOOG C | F.20 | — | — | 40 | 2.50 | — | — | " |
| HOOG P | F.17.50 | — | — | 05 | 1 A | — | — | " |
| KLM C | F.150 | 41 | 14 A | — | — | — | — | F.156.50 |
| KLM C | F.160 | 89 | 7.80 | — | — | — | — | " |
| KLM P | F.130 | 115 | 8 | — | — | — | — | " |
| KLM P | F.140 | 173 | 4 | — | — | — | — | " |
| NEDL P | F.100 | 43 | 5.50 A | 102 | 11 | — | — | F.09 |
| NATN C | F.140 | 2 | 2 | 07 | 4.50 | — | — | F.106 |
| PHIL C | F.27.50 | 122 | 8 | — | — | — | — | F.05.40 |
| PHIL C | F.30 | 71 | 5.60 | 109 | 5.60 | — | — | " |
| PHIL C | F.32.50 | 15 | 3.50 | 55 | 4.50 | 5 | 5.20 | " |
| PHIL C | F.35 | 66 | 2 | 60 | 0 | 72 | 0.70 | " |
| PHIL C | F.40 | 255 | 0.80 | 94 | 1.50 | 53 | 2.30 | " |
| PHIL P | F.42.50 | — | — | 403 | 1.10 | — | — | " |
| RD C | F.00 | 35 | 7 | 8 | 8.30 | 3 | 9.50 | F.94.10 |
| RD C | F.100 | 62 | 2.50 | 28 | 4.50 | 13 | 6.70 | " |
| RD C | F.110 | 82 | 0.60 | 7 | 2.90 | 12 | 3 | " |
| RD P | F.80 | 190 | 0.30 | — | — | — | — | " |
| RD P | F.90 | 145 | 1.60 | 50 | 4.20 | 27 | 68 | " |
| RD P | F.100 | 2 | 7A | 178 | 10.90 | — | — | " |
| UNIL D | F.220 | 44 | 2.50 | — | — | — | — | F.183.80 |

TOTAL VOLUME IN CONTRACTS 10,978

A = Asked B = Bid C = Call P = Put

## LONDON TRADED OPTIONS

| Option | | Calls April | Calls July | Calls Oct. | Puts April | Puts July | Puts Oct. |
|---|---|---|---|---|---|---|---|
| BP (USP 300) | 060 | 46 | — | — | 4 | — | — |
| " " | 880 | 26 | — | — | 0 | — | — |
| " " | 300 | 16 | 26 | 34 | 20 | 26 | 69 |
| " " | 330 | 6 | 12 | 20 | 44 | 48 | 52 |
| " " | 060 | 9 | 6 | — | 72 | 74 | — |
| CGF (USP 474) | 080 | 99 | 102 | — | 0 | 6 | — |
| " " | 490 | 67 | 77 | — | 12 | 15 | — |
| " " | 460 | 42 | 52 | — | 26 | 40 | — |
| " " | 500 | 18 | 00 | 42 | 55 | 57 | 72 |
| " " | 550 | 8 | 18 | 27 | 90 | 95 | 105 |
| " " | 600 | 4 | 8 | 16 | 155 | 140 | 150 |
| CTD (USP 88) | 70 | 19 | 21 | 23 | 1½ | 2 | 5½ |
| " " | 80 | 10 | 10 | 15 | 2 | 4 | 6 |
| " " | 80 | 5 | 7 | 9 | 7 | 8 | 10 |
| CUA (USP 132) | 190 | 16 | 17 | — | 0 | 5 | — |
| " " | 130 | 7 | 11 | 15 | 8 | 10 | 11 |
| " " | 140 | 3 | 6 | 11 | 16 | 18 | 20 |
| " " | 160 | 1½ | 3 | 5 | 36 | 07 | 38 |
| GEC (USP 200) | 180 | 26 | 32 | 37 | 2 | 6 | 9 |
| " " | 197 | 16 | — | — | 8 | — | — |
| " " | 200 | — | 20 | 27 | — | 15 | 81 |
| " " | 217 | 7 | — | — | 22 | — | — |
| " " | 220 | — | 11 | 17 | — | 28 | 37 |
| " " | 237 | 2½ | — | — | 41 | — | — |
| " " | 240 | — | 7 | — | — | 45 | — |
| " " | 960 | 2 | 4 | — | 64 | 64 | — |
| GMH (USP 059) | 240 | 2 | — | — | 1 | — | — |
| " " | 260 | 102 | — | — | 1 | — | — |
| " " | 980 | 82 | 88 | — | 1 | 0 | — |
| " " | 300 | 62 | 68 | — | 3 | 4 | — |
| " " | 030 | 06 | 48 | 50 | 8 | 7 | 10 |
| " " | 060 | 18 | 28 | 45 | 10 | 18 | 23 |
| " " | 090 | 8 | 17 | 22 | 06 | 37 | 09 |
| ICI (USP 578) | 260 | 120 | — | — | 8 | — | — |
| " " | 280 | 100 | — | — | 2 | — | — |
| " " | 300 | 80 | 80 | — | 9 | 3 | — |
| " " | 330 | 50 | 60 | — | 4 | 5 | — |
| " " | 060 | 30 | 40 | 50 | 8 | 15 | 18 |
| " " | 390 | 14 | 26 | 06 | 26 | 09 | 00 |
| " " | 420 | 6 | 14 | 20 | 54 | 56 | 60 |
| LS (USP 002) | 240 | 65 | — | — | 2 | — | — |
| " " | 260 | 46 | 51 | 58 | 2 | 4 | 7 |
| " " | 280 | 26 | 33 | 41 | 6 | 9 | 10 |
| " " | 000 | 13 | 22 | 30 | 19 | 17 | 20 |
| " " | 000 | 5 | 10 | 20 | 01 | 04 | 07 |
| M & S (USP 201) | 160 | 45 | — | — | 3½ | — | .. |
| " " | 180 | 97 | 33 | 38 | 0 | 6 | 8 |
| " " | 200 | 14 | 22 | 27 | 10 | 12 | 17 |
| " " | 220 | 6 | 11 | 10 | 92 | 25 | 98 |
| " " | 940 | 2¼ | 5 | — | 41 | 44 | — |

| Option | | Calls Apr. | Calls Jul. | Calls Oct. | Puts Apr. | Puts Jul. | Puts Oct. |
|---|---|---|---|---|---|---|---|
| SHL (USP 412) | 360 | 56 | — | .. | — | — | — |
| " " | 390 | 28 | 38 | 46 | 8 | 12 | 16 |
| " " | 420 | 14 | 24 | 64 | 06 | 30 | 32 |
| " " | 460 | 0 | 8 | 14 | 54 | 58 | 62 |

| Option | | Calls May | Calls Aug. | Calls Nov. | Puts May | Puts Aug. | Puts Nov. |
|---|---|---|---|---|---|---|---|
| BSL (USP 438) | 360 | 80 | 85 | — | 2 | 7 | — |
| " " | 390 | 60 | 55 | — | 9 | 16 | — |
| " " | 420 | 95 | 50 | 43 | 18 | 23 | 33 |
| " " | 460 | 14 | 18 | 27 | 60 | 56 | 62 |
| IMP (USP 110) | 90 | 96 | — | — | 1 | — | — |
| " " | 100 | 16 | — | — | 1 | — | — |
| " " | 110 | 11 | 15 | 18 | 5 | 5½ | 9 |
| " " | 120 | 6 | 8 | 15 | 10 | 12 | 14 |
| " " | 100 | 8½ | 5 | 6 | 18 | 30 | 29 |
| LMO (USP 897) | 240 | 20 | 34 | 40 | 27 | 06 | 42 |
| " " | 260 | 15 | 25 | 39 | 36 | 47 | 52 |
| " " | 280 | 8 | 14 | 20 | 67 | 62 | 67 |
| " " | 000 | 4 | 9 | — | 77 | 82 | — |
| " " | 550 | 2 | 5 | — | 107 | 112 | — |
| " " | 360 | 2 | — | — | 107 | — | — |
| " " | 390 | 2 | — | — | 167 | — | — |
| LNR (USP 82) | 60 | 8 | 10 | 13 | 0½ | 6 | 8 |
| " " | 90 | 0 | 6½ | 7 | 11 | 15 | 15 |
| " " | 100 | 1 | 6½ | 4½ | 20 | 22 | 24 |
| P & O (USP 128) | 100 | 29 | 40 | — | 1 | 0 | — |
| " " | 110 | 90 | 91 | — | 9 | 4 | — |
| " " | 120 | 14 | 15 | 18 | 5 | 10 | 10 |
| " " | 130 | 7 | 9 | 12 | 10 | 18 | 20 |
| " " | 140 | 3 | — | — | 16 | — | — |
| " " | 160 | 1 | — | — | 05 | — | — |
| RCL (USP 440) | 460 | 25 | 05 | 48 | 27 | 07 | 47 |
| " " | 500 | 19 | 20 | 00 | 60 | 64 | 74 |
| " " | 550 | 5 | 10 | — | 105 | 107 | — |
| " " | 600 | 1½ | 5 | — | 155 | 157 | — |
| " " | 850 | 1 | — | — | 205 | — | — |
| RTZ (USP 504) | 080 | 117 | — | — | 1 | 2 | — |
| " " | 480 | 87 | 98 | — | 9 | — | — |
| " " | 460 | 54 | 67 | — | 14 | 20 | — |
| " " | 500 | 34 | 45 | 55 | 05 | 45 | 52 |
| " " | 550 | 14 | 23 | 00 | 60 | 70 | 77 |
| VRF (USP $102) | 50 | — | — | — | 1 | — | — |
| " " | 55 | — | — | — | 1 | — | — |
| " " | 60 | 45 | — | — | 1 | — | — |
| " " | 70 | 9 | — | — | 1 | — | — |
| " " | 80 | 2 | — | — | & | — | — |
| " " | 90 | 17 | 91½ | — | 5½ | 7½ | — |
| " " | 100 | 10½ | 15 | — | 10 | 12¼ | — |
| " " | 110 | 7 | 10 | 14½ | 14½ | 19½ | 90½ |
| " " | 120 | 4 | 7 | 10½ | 21 | 24½ | 36½ |
| " " | 100 | 2½ | 4½ | 7 | 29½ | 00½ | 33 |
| " " | 140 | 1½ | 2½ | 4½ | 38½ | 40½ | 43 |

Feb. 98 Total Contracts 1,993 Calls 1418 Puts 677

هكذا صدر الأصل



# INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.

G.T. Management Ltd.

British National Life Assurance Co. Ltd.

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Canada Life Group

Guardian Royal Exchange

Cannon Assurance Ltd.

Capital Life Assurance

Chieftain Assurance Funds

City of Westminster Assurance

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Clerical Medical & Gen. Life Ass. Soc.

Clerical Medical Managed Funds Ltd.

Commercial Union Group

Imperial Life Ass. Co. of Canada

Confederation Life Insurance Co.

Irish Life Assurance Co. Ltd.

Continental Life Insurance PLC

Cornhill Insurance PLC

Langham Life Assur. Co. Ltd.

Credit & Commerce Insurance Co. (UK)

Legal & General (Unit Assur.) Ltd.

Crescent Life Assurance Co. Ltd.

Crown Life

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

Crusader Insurance PLC

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. PLC

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London & Manchester Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

MEL Pensions Ltd.

Minster Assurance

Multiple Health and Life Assur. Co. Ltd.

National Provident Institution

New Zealand Ins. Brit. Insce. PLC

Norwich Union Insurance Group

NEL

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co.

Prudential Pensions Limited

Pru-Link Balanced Plan

Refuge Investments Limited

Reliance Mutual

Royal Life Insurance Ltd.

Royal Life (Unit Linked Pension Fds.) Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Mutual Assurance Society

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Windsor Life Assur. Co. Ltd.

## OFFSHORE AND OVERSEAS

Adig Investment

Albany Fund Management Limited

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Andover Futures Ltd.

Arbuthnot Securities (C.I.) Ltd.

B.I.A. Bond Investments AG

Bearbank (Overseas) Ltd.

Bank of America International S.A.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Charterhouse Japhet

Charterhouse Japhet Currency Mngt. Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

Europe Obligations S.A.

Eurotax Investments Ltd.

Executive Life (C.I.F. Managers Ltd.)

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Fund Managers Ltd. Agents

Gartmore Fund Managers (C.I.) Ltd.

Gartmore Fund Managers (IOM) Ltd.

Granville Management Ltd.

Grindlays Investment Mngt. Ltd.

Guinness Mahon Int. Fund (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. & Man. (Guernsey)

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

HK Fund Managers (Jersey) Ltd.

I.C. Trust Managers Ltd.

IGF Management Services Inc.

International Bond Trust

Intermarket Pacific Inv. Mgmt. Ltd.

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kleinwort Benson Group

Lloyds Bank (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Management International Ltd.

Manufacturers Hanover Asset Mgt

Midland Bank Tst. Corp. (Jersey) Ltd.

Minerals, Oils Res. Shrs. Fd. Inc.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Negit S.A.

N.E.L. International Ltd.

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Newport International Management

Norwandy Trust Managers Ltd.

Norddeutsche Invest. Mgrs. (Jersey) Ltd.

Pacific Basin Fund

Perpetual U.T. Mgrs (Jersey) Ltd.

Phoenix International

Providence Capital International Ltd.

Quest Fund Man. (Jersey) Ltd.

Quilter/Nutmeg Commodities

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

OC Intnl. Reserves Ltd.

Royal Bank of Canada Funds

Save & Prosper International

Schroder Unit Trust Mgrs. Int. Ltd.

Scrimgeour Kemp-Gee Mngmt., Jersey

Securities Selection Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents.

Strategic Metal Trust Mngrs. Ltd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

The Korea Trust

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Bank Isle of Man Ltd.

Tyndall Group

Tyndall—Guardian Mngmt. Ltd.

M. L. Tyrrell & Co. Ltd.

Union Investment-Gesellschaft mbH

V.C.A. Financial Management Ltd.

Vanbrugh Fund Mngmt. Intl. Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. (I.O.M.) Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

Westamer Secs. (Guernsey) Ltd.

World Wide Growth Management

Wren Commodity Management Ltd.

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses.

# INTERNATIONAL COMPANIES and FINANCE

## Bond market reflows to rise by $18bn in year, study says

BY OUR EUROMARKETS STAFF

TOTAL reflews into the international bond markets will rise by over $18bn this year to $46.2bn, according to a study carried out by Orion Royal Bank. Reflows consist of meney paid to investors in the form ef interest and principal repayments.

The projected increase suggests that more money will become available for reinvestment in the markets. The study shows that reflows in the Eurobond market this year will total $31.6bn (1982: $35.2bn).

Of 1983 reflows, only 41 per cent represent principal repayment, the majority comes from interest payments. But by 1987, these proportions are likely to change substantially; Orion Royal suggests that 63 per cent will be due to principal repayments.

A greater proportion of principal repayments than ef interest payments is thought to be reinvested in bonds since interest payments are more eften treated by individual investors as disposable income.

The study also suggests that reflows during August, amounting to less than $2bn, will be the smallest of any menth this year. This will also be the month in which about $1bn will fall due, as the balance for the spate of partly paid issues that came out in December 1982 and January of this year.

The majerity of reflows will be paid in U.S. dollars (59 per cent in 1983).

Reflows into the Eurobond market next year are estimated to come to $32.6bn.

## ENEL in $200m credit

By Peter Montagnon, Euromarkets Correspondent

ENEL, Italy's state electric company, is raising $200m through a six-year credit led by Chase Manhattan.

Terms on the deal provide for a margin ef ¼ per cent over U.S. prime rate or the 90-day certificate of deposit rate, whichever is higher.

This is a higher margin than that paid last year over prime rate by other Italian state entities. The belding company IMI was, for example, able to raise funds at a split margin of 0.2 per cent rising to 0.25 per cent.

This deal is, however, ene of the first of any size for an Italian borrower this year. Until now Italian borrowers have been holding back from the market in an effort to fend off lenders' demands for better terms.

## New issues worth $460m hit Eurodollar market

BY MARY ANN SIEGHART IN LONDON

NEW ISSUES totalling $460m were brought to the Eurodollar market yesterday on news that Mr Paul Velcker the Federal Reserve chairman, thought U.S. interest rates were on their way down. Early gains in secondary market prices were, however, pared in the afternoon as fears of over-supply of new paper took hold.

The biggest issue was for British Columbia Hydro, the electrical utility company. Led by Deutsche Bank, it started off at $150m but was increased in the afternoon to $200m. It carries a coupon ef 10¼ per cent with a life of 5 years and is priced at 99½. In pre-market trading, it started at a discount of around 1 per cent, but that widened when the amount of the issue was increased.

The Swedish Export Credit Corporation (SEK) is to raise $100m through a three-year, 10¼ per cent bond, priced at 99. Lead-manager is Credit Suisse-First Boston and the paper was selling in the market at a discount of about 1¼.

Credit Suisse-First Boston is also leading sevee-year a/bond for the Long Term Credit Bank of Japan. The deal, which involves an interest rate swap, has LTCB itself and Morgan Guaranty as co-lead managers. The amount being raised is $100m with a coupon ef 11 per cent at a price of 100. It was traded in the grey market yesterday at a discount of about 1¼ per cent.

Finally, a $80m bond was launched yesterday by Hitachi Zosen, formerly Hitachi Shipbuilding and Engineering. It is open-priced (though the lead manager, S.G. Warburg, expects the price to be 100) and the expected coupon is 1¼ per cent.

On the Cootinent, D-Mark fereign bonds rose by about ¼ point, while in Switzerland, prices eased slightly on the back of a strong dollar.

## North American Quarterly Results

**BELL AND HOWELL**

| Fourth quarter | 1982 $ | 1981 $ |
|---|---|---|
| Revenue | 162.9m | 169.3m |
| Net profits | †13m | 7.1m |
| Oper.per share | 1.13 | 1.24 |
| Year | | |
| Revenue | 611.8m | 578.4m |
| Net profits | †2.9m | 21.8m |
| Oper. per share | 3.28 | 2.99 |

† Loss

**CANADIAN OCCIDENTAL PETE**

| Fourth quarter | 1982 $ | 1981 $ |
|---|---|---|
| Revenue | 58.8m | 54.8m |
| Net profits | 10.4m | 8.8m |
| Net per share | 0.48 | 0.40 |
| Year | | |
| Revenue | 218.2m | 201.8m |
| Net profits | 29.4m | 30m |
| Net per share | 1.32 | 1.35 |

**CECO**

| Fourth quarter | 1982 $ | 1981 $ |
|---|---|---|
| Revenue | 120.3m | 121.2m |
| Net profits | 3.87m | 4.73m |
| Oper.per share | 1.16 | 1.37 |
| Year | | |
| Revenue | 450.7m | 456.8m |
| Net profits | 10.7m | 13.8m |
| Oper. per share | 3.17 | 4 |

**FABERGE**

| Fourth quarter | 1982 $ | 1981 $ |
|---|---|---|
| Revenue | 71.9m | 67.3m |
| Net profits | 1.16m | 365,918 |
| Net per share | 0.21 | 0.05 |
| Year | | |
| Revenue | 272.4m | 264.5m |
| Net profits | 6.46m | 5.7m |
| Net per share | 1.15 | 1.02 |

**FLEETWOOD ENTERPRISES**

| Third quarter | 1982-83 $ | 1981-82 $ |
|---|---|---|
| Revenue | 184.7m | 116m |
| Net profits | 5.45m | 81,000 |
| Net per share | 0.49 | 0.01 |
| Nine months | | |
| Revenue | 554.8m | 402.8m |
| Net profits | 16.3m | 4.22m |
| Net per share | 1.46 | 0.38 |

**MIDDLE SOUTH UTILITIES**

| Fourth quarter | 1982 $ | 1981 $ |
|---|---|---|
| Revenue | 235.4m | 221.4m |
| Net profits | 24.2m | 25.3m |
| Net per share | 0.17 | 0.21 |
| Year | | |
| Revenue | 2.93bn | 2.8bn |
| Net profits | 308.4m | 264.7m |
| Net per share | 2.29 | 2.44 |

**OVERSEAS SHIPHOLDING**

| Fourth quarter | 1982 $ | 1981 $ |
|---|---|---|
| Revenue | 80.2m | 102.7m |
| Net profits | 7.46m | 14.7m |
| Net per share | 0.29 | 0.58 |
| Year | | |
| Revenue | 330.2m | 369m |
| Net profits | 80.6m | 88.4m |
| Net per share | 2.32 | 3.43 |

**REXNORD**

| First quarter | 1982-83 $ | 1981-82 $ |
|---|---|---|
| Revenue | 177.1m | 238.7m |
| Net profits | 939,000 | 1.1m |
| Net per share | 0.06 | 0.06 |

**SFN COMPANIES**

| Third quarter | 1982-83 $ | 1981-82 $ |
|---|---|---|
| Revenue | 43.5m | 40.5m |
| Net profits | †3.8m | 1m |
| Net per share | †0.37 | 0.09 |
| Nine months | | |
| Revenue | 241.9m | 220.1m |
| Net profits | 10.5m | 11.8m |
| Net per share | 3.18 | 2.71 |

† Loss

**U.S. INDUSTRIES**

| Fourth quarter | 1982 $ | 1981 $ |
|---|---|---|
| Revenue | 227.9m | 273.8m |
| Net profits | 3.75m | 5.96m |
| Net per share | 0.14 | 0.22 |
| Year | | |
| Revenue | 971.4m | 1.04bn |
| Net profits | 31.1m | 62.5m |
| Net per share | 1.20 | 2.76 |

## CONTRACTS AND TENDERS















## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these er other bonds see the complete list of Eurobond prices published on the second Monday ef each month. The following are closing prices for February 28.

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Amex O/S Fin 14¼ 89 | 75 | 112⅞ | 113⅜ | +9½ | +1¼ | 11.18 |
| Amro Bank 13 89 | 200 | 105⅜ | 105⅞ | +0¼ | +0⅞ | 11.70 |
| BHP Finance 14¾ 88 | 150 | 108⅞ | 109⅜ | +0½ | +1¼ | 12.51 |
| British Col Hyd 14⅞ 89 | 200 | 114⅛ | 114⅝ | +0½ | +1⅜ | 11.36 |
| British Col Hyd 15⅛ 92 | 150 | 117¾ | 118¼ | +1⅜ | +2¼ | 11.92 |
| Canada 14⅞ 07 | 150 | 112½ | 112⅝ | 0 | +8⅝ | 10.60 |
| Canadair Ltd 12½ 89 | 175 | 105⅝ | 106⅛ | +0⅝ | +0⅝ | 11.18 |
| Canadian Wheat 11⅞ 90 | 50 | 101⅜ | 101⅞ | +0⅞ | +1⅝ | 10.81 |
| Can Pac Ltd 14⅝ 92 | 15 | 110⅞ | 111⅜ | +0⅞ | +2 | 12.58 |
| Can Pac Sec 15 89 | 15 | 109⅝ | 110⅛ | +0¼ | +0¾ | 12.82 |
| [illegible] | | | | | | |

Av. price changes: [illegible]

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 8⅝ 92 | 15 | 105½ | 106⅛ | +0½ | +0⅛ | 7.71 |
| E.I.B. 8¼ 92 | 15 | 102⅞ | 103¼ | +0⅛ | 0 | 7.81 |

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Japan Airlines 7⅞ 87 | 91 | 102 | 103 | 0 | +1 | 7.13 |
| New Zealand 8⅜ 87 | 15 | 102½ | 103½ | −0¼ | −0½ | 7.58 |
| World Bank 8⅛ 82 | 20 | 102⅞ | 103⅜ | 0 | 0 | 7.84 |

Av. price changes: on day 0, on week +½

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Brit Col Tel 17¼ 88 CS | 50† | 112¾ | 113¼ | 0 | 0 | 13.87 |
| Can Utilities 11 87 CS | 35† | 112½ | 110 | 0 | 0 | 12.42 |
| Gaz de France 15 88 CS | 75† | 105¾ | 106¼ | 0 | −0¼ | 13.53 |
| Gaz Metro 14½ 92 CS | 46† | 104½ | 105½ | 0 | 0 | 13.52 |
| O.K.B. 10¼ 88 CS | 83† | 110 | 110 | 0 | +0½ | 12.87 |
| [illegible] | | | | | | |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.date | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

[illegible] ... version [illegible] date of issue. Prem — Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

**EEC member states urged to sign jute pact, Page 31**


WALL STREET

# Industrials swerve to avoid dents

A BOUT of profit-taking emerged as expected on Wall Street yesterday but was slow to dent the substantial gains scored last week. This was amid nervousness that the heavy fall in gold bullion prices might force some institutions to sell industrial shares, *writes Terry Byland in New York.*

An early five-point fall in the Dow Jones industrial average was soon recovered, but by 2pm it had begun to slip back again, down 0.78 at that stage to 1,120.18. The index closed 8.32 down at 1,112.62.

Interest rates initially continued lower in the credit markets oo the expectation that inflation was set to slow further. Several major banks, including Chase Manhattan and Bankers Trust, followed the trend to lower prime rate of 10½ per cent, and the market's satisfactioo with Friday's news on consumer prices was nourished over the weekend by reports of the lowest petrol price for four years.

Transportation issues, the immediate beneficiaries of lower fuel costs maintained their form but could not always extend last week's gains. Pan Am traded steadily at around $5½ through early afternoon, little changed from last week, but Delta Airlines at $47¾ attracted buyers.

Oil shares remained depressed by the prospect of lower selling prices for their product. Exxoo saw further selling at first but there were buyers around as well and the stock held fairly steady at $29⅝.

Schlumberger, the oil search industry leader, fell $2¼ to $40¼ by 2pm as further sellers came into the market. Atlantic Richfield at $40¾ also suffered further selling pressure.

Elsewhere IBM, the market's bellwether, managed to hold on to the $100 mark after giving up $⅞. Gulf and Western at $24⅞ improved on the news that Mr Carl Icahn has taken a substantial stake. Mr Icahn has been successful in the past in identifying shares undervalned in the market.

The severe fall in bullion brought tense momeots in the gold share sector. Most gold mining issues failed to open in the morning and dealers were unsure of the likely trend.

Early gains in the bond and credit markets were trimmed later in the session wheo it became clear that major investors were unwilling to add further to the portfolios built up last week.

The benchmark Treasury 10⅜ per cent bonds of 2012 rose as high as 99⅜ at one time before settling back to 98²³⁄₃₂, a gain of only about ⅜₂ on Friday's Final quotations. This was also by 2pm.

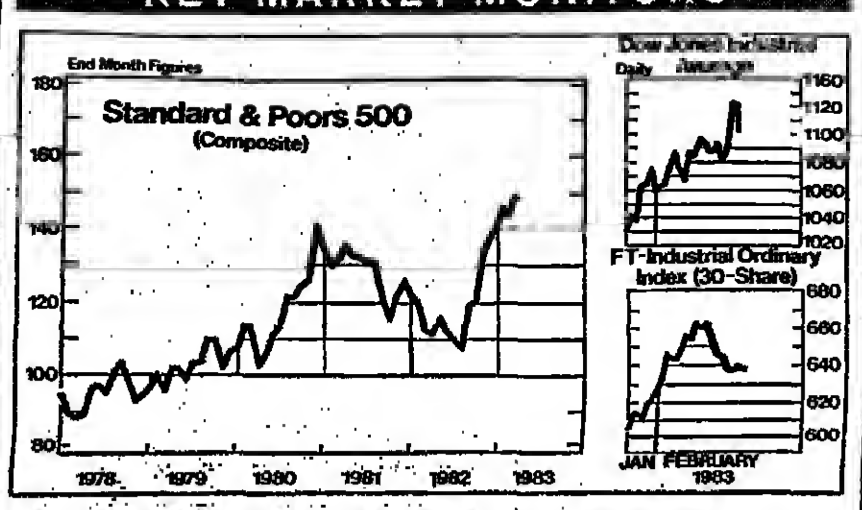
Investors were still slightly disappointed hy the ahsence of a cut in the Federal Reserve's discount rate. Federal funds held at around 8¼ per cent, at which level the Fed announced a $1.5bo customer repurchase.

The three-month Treasury bill rate stood at 7.85, a shade below Friday's close but bad beeo up to 7.88, while the six-month bill rate of 7.89 had been as high as 7.91.

**Toronto,** a market weighted far more strongly toward the resource issues, consequently suffered an acute setback. Declines led advances by a margin of about three to one overall as temporary trading halts were called oo Lake Shore Mines, Campbell Red Lake and Dome Mines because of imbalances on the selling side.

Utilities and papers did better than the rest in **Montreal.**

## KEY MARKET MONITORS




**STOCK MARKET INDICES**

| NEW YORK | Feb 28 | Previous | Year ago |
|---|---|---|---|
| DJ Industrials | 1112.62 | 1120.74 | 824.39 |
| DJ Transport | 491.98 | 492.3 | 336.38 |
| DJ Utilities | 125.05 | 124.82 | 107.23 |
| S&P Composite | 148.98* | 149.74 | 113.11 |

| LONDON | Feb 28 | Prev | Year ago |
|---|---|---|---|
| FT Ind Ord | 637.7 | 639.2 | 550.8 |
| FT-A All-share | 399.35 | 401.27 | 317.18 |
| FT-A 500 | 431.37 | 433.46 | 335.69 |
| FT-A Ind | 407.82 | 409.80 | 309.08 |
| FT Gold mines | 563.9 | 626.7 | 252.8 |
| FT Govt secs | 79.43 | 78.94 | 66.91 |
| **TOKYO** | | | |
| Nikkei-Dow | 8085.57 | 8046.58 | 7548.51 |
| Tokyo SE | 592.18 | 589.15 | 559.92 |
| **AUSTRALIA** | | | |
| All Ord. | 498.8 | 506.4 | 490.8 |
| Metals & Mins. | 485.0 | 505.7 | 355.1 |
| **AUSTRIA** | | | |
| Credit Aktien | 49.33 | 48.99 | 54.69 |
| **BELGIUM** | | | |
| Belgian SE | 107.33 | 107.34 | 98.11 |
| **CANADA** | | | |
| **Toronto** Composite | 2099.9* | 2123.10 | 1671.3 |
| **Montreal** | | | |
| Industrials | 358.51* | 363.68 | 292.08 |
| Combined | 350.34* | 353.84 | 277.58 |
| **DENMARK** | | | |
| Copenhagen SE | n/a | 114.67 | 98.62 |
| **FRANCE** | | | |
| CAC Gen | 107.10 | 107.4 | 110.10 |
| Ind. Tendance | 111.70 | 113.5 | 121.5 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 269.22 | 270.78 | 230.06 |
| Commerzbank | 806.9 | 812.8 | 702.7 |
| **HONG KONG** | | | |
| Hang Seng | 1021.55 | 1066.3 | 1271.6 |
| **ITALY** | | | |
| Banca Comm. | n/a | 203.02 | 204.02 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 110.3 | 110.5 | 86.4 |
| ANP-CBS Ind | 97.0 | 97.3 | 69.6 |
| **NORWAY** | | | |
| Oslo SE | 144.39 | 145.71 | 104.77 |
| **SINGAPORE** | | | |
| Straits Times | 827.44 | 825.29 | 740.73 |
| **SOUTH AFRICA** | | | |
| Golds | 773.1 | 855.4 | 481.2 |
| Industrial | 824.5 | 840.3 | 670.7 |
| **SPAIN** | | | |
| Madrid SE | closed | 102.87 | 105.31 |
| **SWEDEN** | | | |
| J & P | n/a | 1264.33 | 670.70 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 312.8 | 315.5 | 251.4 |

**GOLD (per ounce)**

| | Feb 28 | Prev |
|---|---|---|
| London | $413.00 | $463.50 |
| Frankfurt | $409.50 | $464.75 |
| Zürich | $410.50 | $465.50 |
| Paris | $430.54 | $485.58 |
| New York futures (March) | $400.50 | $443.00 |

* Indicates latest pre-close figure

**CURRENCIES**

| | U.S. DOLLAR Feb 28 | U.S. DOLLAR Previous | STERLING Feb 28 | STERLING Previous |
|---|---|---|---|---|
| £ | 1.5150 | 1.5280 | – | – |
| DM | 2.4310 | 2.4130 | 3.68½ | 3.69 |
| Yen | 237.55 | 234.80 | 360 | 359 |
| FFr | 6.8950 | 6.8450 | 10.44½ | 10.46 |
| SwFr | 2.0600 | 2.0275 | 3.12 | 3.10 |
| Guilder | 2.6890 | 2.6660 | 4.07½ | 4.07½ |
| Lira | 1403¼ | 1396½ | 2126 | 2133 |
| BFr | 47.94 | 47.53 | 72.65 | 72.65 |
| C$ | 1.2292½ | 1.2280 | 1.8620 | 1.8765 |

**INTEREST RATES**

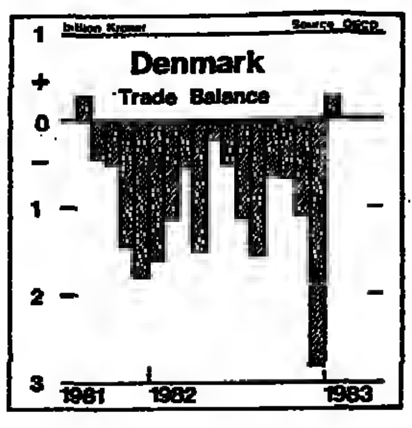
| | Feb 28 | Prev |
|---|---|---|
| **Euro-currencies** (three month offered rate) | | |
| £ | 11⁷⁄₁₆ | 11⅝ |
| SwFr | 3⁹⁄₁₆ | 3⁹⁄₁₆ |
| DM | 5⅝ | 5½ |
| FFr | 24 | 23 |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 8⅞ | 9¹⁄₁₆ |
| 6-month U.S.$ | 9 | 9¼ |
| **U.S. Fed Funds** | 8½ | 8¾ |
| **U.S. 3-month CDs** | 8.40 | 8.8 |
| **U.S. 3-month T-bills** | 7.90 | 7.78 |

**FINANCIAL FUTURES**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| **CHICAGO** | | | | |
| **U.S. Treasury Bonds (CBT)** 8% $100,000 32nds of 100% | | | | |
| March | 77–16 | 77–30 | 77–09 | 77–21 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| March | 99.21 | 92.28 | 92.18 | 92.29 |
| **Cert Deposit (IMM)** $1m points of 100% | | | | |
| March | 91.71 | 91.72 | 91.64 | 91.69 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| March | 91.28 | 91.34 | 91.29 | 91.22 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| March | 102–08 | 102–25 | 102–00 | 101–25 |
| **Three-month Sterling Deposit** £250,000 points of 100% | | | | |
| March | 88.90 | 88.93 | 88.90 | 88.93 |

**LONDON COMMODITY MARKETS**

| | Feb 28 | Prev |
|---|---|---|
| Silver (spot fixing) | 769.2p | 868.60p |
| Copper (cash) | £1081.50 | £1126.50 |
| Coffee (March) | £1661.00 | £1665.00 |
| Oil (spot Arabian light) | $28.25 | $28.20 |




FAR EAST

# Tokyo rally still lacks substance

THE RALLY in **Tokyo** share prices last week, pausing only for a slight downward twitch on Saturday, resumed anew yesterday in buying across a broad front. But set against that was the continuing sleoderness of trading volume and the relatively modest exteot of gains, particularly among the blue chips.

Interest centred on lower-priced domestic industrial issues, while the international populars were mixed for much of the day before picking up towards the close.

The Nikkei-Dow Jooes market average improved 38.99 to 8,085.57 after Saturday's 9.46 contraction, while the Tokyo SE index added 3.03 to 592.18 following a bare 0.07 dip the previous session. Turnover dwindled to some 250m sbares.

A reflectioo of the lack of solidity in the upturn was the performance of Japan Line, one of the market's receot favourites, which showed itself vulnerable to profit-takers. It led the actives with 17.18m sbares to finish Y4 lower at Y192.

But Mitsui Miniog and Smelting, a prominent resource speculative and also actively dealt, gained Y15 to Y618. Elsewhere properties, drugs and textiles advanced but paper pulps and printing issues retreated.

Government bond prices came back during the afternooo in similarly thin trading. Bood managers said conditions were oone the less improving in anticipatioo of a U.S. discount-rate cut.

A sharp reversal in **Hong Kong** was attributed by brokers mainly to a withdrawal of funds from equities in order to cover losses suffered in a plunging gold market, which took the bullion price there to below $400 at one point. The Hang Seng index slid 44.75 to 1,021.55.

A correction had been expected after the index regained the 1,000 level last Thursday for the first time since September, and the bulk of the selling came from smaller investors. Hutchison Whampoa fell 90 cents to HK$13.50, Hongkoog Bank 30 cents to HK$9.15 and Hongkong Land 33 cents to HK$4.67.

This halted a **Singapore** advance to leave the Straits Times industrial index 2.15 ahead at 827.44 and the broader market oarrowly mixed. Straits Trading rose 30 cents to S$6.30 but Selangor Properties fell 25 cents to S$5.70.

AUSTRALIA

# Golds suffer

GOLD-RELATED mining stocks, suffering from a severe bullioo price setback, took the brunt of selling in **Sydney,** although pre-election caution meant that trading remained relatively light.

Declines overwbelmed advances 192 to 54, with 133 issues traded but unchanged. Gold Mines of Kalgoorlie slipped A$1.30 to A$10 and Central Norseman the same amount to A$7.50.

Oils remained weak in **Melbourne** but some industrial majors resisted the trend.

SOUTH AFRICA

# Losses curbed

SHARP opening lows in Johannesburg gold shares were adjusted gradually upward as the bullioo price came out of a morning plunge, but losses among heavyweight producers still extended to R5.25 for Freguls by the close at R48.25.

Sympathy reactions were evident in mining financials – where Anglo-American lost R1.25 to R19.25 after R18.90 and De Beers 55 cents to R7.65 – as well as in other metals and the industrials.

Barlow Rand shed 80 cents at R11.70.

EUROPE

# Uncertainty the cause of caution

*THE CONVERGENCE of a sharp retreat* in gold with the cootinuing oegotiations among Opec states – providing acute price uncertainty for the world's two key commodities – had its echo yesterday even in the non-resource-based bourses, where this nervousness often showed in subdued trading levels and a muted decline in share values.

Strength in the dollar and Wall Street's precarious position above the 1,100 level were also contributory factors to a backtracking in centres such as **Zurich.**

Banks there were most affected, with losses of SwFr 140 for Leu at SwFr 3,950 and SwFr 5 for Swiss Bank Corp at SwFr 323, the latter ahead of its annual press conference today.

Last week's strong rally in **Frankfurt** gave way to profit-taking as many investors appeared content now to liquidate their enhanced holdings ahead of the March 6 elections. The Commerzbank index of 60 leaders, at 806.9, was 5.9 back from a four-year high oo Friday.

Oversbadowing the general trend was a mountain of small orders for AEG-Telefunken. This followed a statemeot from the troubled electrical group that its court-supervised debt settlement plan was set to go througb and that adequate credit lines remained.

The stock sprang to life with a DM 22.50 surge to DM 81. Other electricals varied betweeo a DM 1.30 fall for Siemens at DM 277,50 and a ooe-mark rise for Brown Boveri at DM 226.

Seotiment in Paris was additionally depressed by the sharply higber January trade deficit announced at the end of last week, and a reluctance in the inflation rate to slow. The food and drink sector fared poorly, with a FFr 18 fall hy Moët-Hennessy at FFr 836 and FFr 3.50 for Perrier at FFr 250.

Elsewhere Matra did well with a FFr 35 jump to FFr 1,225.

**Copenhagen,** by contrast, was buoyed by news of a Danish balance of trade turnround into surplus for the first time for 18 mooths, and reports that the Government expects an early bank rate cut.

The banks themselves were only barely steady, but this was compensated for by rises such as DKr 55 for Novo at DKr 2,210.

The half-point cut in the Dutch hank rate came too late to affect trading in **Amsterdam,** where dealings were lively only in Royal Dutch, which ended Fl 1.20 lower at Fl 94.10, and in the banks.

ABN recovered opening losses hut Ned Mid shed a guilder to Fl 125. A thin bood market left prices virtually unchanged.

**Brussels** also provided a mixed result, as instanced in chemicals, where Solvay added BFr 60 to BFr 2,430 but UCB slipped BFr 15 to BFr 2,870. Holding companies and non-ferrous metals steadied, but gold issues pulled down the foreign sector.

This spread in part reflected a Kredietbank forecast yesterday of a brake oo inflatioo in Belgium this year, an improved payments positioo, but no growth – described as "at best a year of stabilisation."

Dull tradiog in **Milan** left prices sharply easier amoog the big industrials and the banks. Olivetti fell L57 to L2,665 and Banca Commerciale L400 to L35,950. Treasury securities tended firmer but coovertible bonds eased.

Forestry issues cootinued to advance powerfully in a **Stockholm** market which was otherwise victim to profit-taking. This centred oo the industrial majors which are in the process of reporting 1982 results.


LONDON

# Gilts provide the only strength

*GOVERNMENT securities* retaioed a calm and firm undertone as many other areas of London stock markets recoiled violently in continued nervous trading yesterday.

South African golds were inundated by selling orders from all sources except the U.S. and prices sustained their largest falls ever as the bullion price collapsed further. The FT Gold Mines index was down an unprecedented 62.8, or 10 per cent, at 563.9.

Gilt-edged prices rose as investors warmed to lower U.S. prime rates and official views that rates there were too higb. For mucb of the session, trade was one-way and longer-dated stocks gained 1¼ before sellers clipped final rises to around a point.

Late easiness in sterling, as the dollar strengthened, affected the shorts and many surrendered half-poiot rises to close only marginally better on the day. Index-linked issues extended Friday's upturn, despite switcbing into conventional gilts, although improvements were restricted to a quarter.

Equity interest was focused on Polly Peck, the trading group under fire from the Turkish Cypriot authorities. It had falleo £6½ more to £17 when dealings were suspended at the company's request.

Popular speculative counters took a pounding, along with many recent issues, particularly those in the Unlisted Securities Market such as Bio-Isolates, down 60 at 320p.

Leading shares drifted easier, and the FT Industrial Ordinary index closed 1.5 down at 637.7.

A cut in dividend which accompanied figures from Vickers in engineerings caused disappointment.

Diamonds and platinums, both strong in receot weeks on the back of the golds, also lost ground. *Share information service, Page 32–33.*

# NEW YORK STOCK EXCHANGE CLOSING PRICES



Continued on Page 29

هكذا اصل الأصل

# AMERICAN STOCK EXCHANGE CLOSING PRICES

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 11⅞ | 5⅞ | AAV | .32 | 2.7 | 6 | 6 | 11⅞ | 11⅝ | 11⅞ | + ⅜ |
| 4⅝ | 2⅜ | AlCPb | | | | 1 | 4½ | 4⅝ | 4⅝ | |
| 3⅝ | 1 | ATI | | | 13 | 175 | 3¼ | 2⅞ | 2⅞ | |
| 6⅞ | 1½ | AcmePr | | | 18 | 45 | 6⅝ | 6 | 6 | − ⅜ |
| 21¼ | 12⅞ | AcmeU | .40 | 2.1 | 18 | 15 | 15¾ | 12 | 15¾ | + ¼ |
| 22¼ | 2¼ | Acton | | | 6 | 48 | 20 | 19½ | 19¾ | + ⅛ |
| 9⅞ | 5⅛ | Actons | .10r | 1.9 | | 52 | 7¼ | 7⅛ | 7¼ | + ⅛ |
| 3¼ | ⅞ | Actn | wt | | | 1 | 1⅜ | 1⅜ | 1⅜ | |
| 9⅝ | 1⅜ | AdmRs | .10 | 4.4 | | 10 | 2½ | 2¼ | 2¼ | |
| 27⅛ | 12 | AdRust | s.16 | 4 | 35 | 107 | 27 | 25 | 26 | −1⅛ |
| 21½ | 11⅞ | Adobe | .20 | 1.3 | 11 | z101 | 16⅝ | 16⅛ | 15¾ | − ⅞ |
| 3 | 2 | AegisCp | | | 7 | 212 | 2⅞ | 2⅞ | 2⅞ | |
| 21½ | 7⅜ | Aeroflx | 1.55t | 7.7 | 16 | 122 | 20¼ | 20¼ | 20¼ | − ⅛ |
| 6⅝ | 2⅝ | Aeronca | | | 11 | 41 | 6⅛ | 6 | 6 | |
| 21⅛ | 9⅝ | AfilHsp | .32 | 1.6 | 10 | 6 | 20⅛ | 19⅝ | 19⅝ | − ⅛ |
| 30½ | 16 | AlfPb | s.64 | 2.3 | 14 | 15 | 28⅞ | 28⅞ | 28⅞ | − ⅝ |
| 9¼ | 3⅞ | AlfSix | | | 6 | 195 | u10 | 9⅝ | 9½ | + ¼ |
| 15½ | 4⅝ | AirExp | | | | 200 | 14⅛ | 13¾ | 13¾ | − ⅜ |
| 13⅞ | 3⅝ | AlbaW | .10e | .7 | 2789 | u14⅛ | 13½ | 13⅞ | + ½ | |
| 10⅞ | 6⅞ | AlohaA | | | 5 | 152 | 16⅞ | 9⅞ | 9⅞ | − ⅜ |
| 22⅞ | 9⅝ | Alpnal | s | | 60 | 19 | 21⅞ | 21⅛ | 21⅛ | − ⅛ |
| 13½ | 7¾ | Altamil | .40 | 3.2 | 11 | 99 | 12 | 12½ | 12½ | − ⅜ |
| 1¼ | ½ | Altec | | | | 27 | 1 | 15-16 | 15-16 | |
| 2⅞ | 1⅛ | Altex | | | | 184 | 1⅜ | 1½ | 1½ | |
| ½ | 1-16 | Altx | 85wt | | | 25 | 3-16 | ⅛ | ⅛ | −1-16 |
| 33⅝ | 25 | Alcoa | pf3.75 | 11. | | z100 | u34½ | 34½ | 34½ | + ⅞ |
| 44½ | 17¼ | Amdhl | .40 | 1.0 | 166 | 796 | 41⅞ | 39⅝ | 39⅝ | −2⅛ |
| 29⅝ | 6¼ | Amedc | s.12 | .5 | 27 | 77 | 27⅛ | 26¼ | 26½ | + ½ |
| 5 | 3½ | ABik | n | | | 16 | 4⅛ | 4⅛ | 4⅛ | − ⅛ |
| 3⅛ | ⅞ | AmCap | | | | 12 | 2⅝ | 2⅝ | 2⅝ | − ⅛ |
| 30⅝ | 17 | AContrl | .80 | 2.6 | 8 | 4 | 30⅝ | 30⅝ | 30⅝ | |
| 27½ | 8¼ | AExp | wt | | | 338 | u28 | 26¾ | 26⅞ | |
| 15½ | 5⅛ | Alsrael | | | 4 | 32 | 11 | 10⅝ | 10⅝ | − ⅛ |
| 14 | 6 | AMzeA | .52 | 3.9 | 11 | 74 | 13¼ | 13½ | 13½ | − ⅛ |
| 14 | 6 | AMzeB | .52 | 3.8 | 11 | 16 | 13⅝ | 13⅝ | 13⅝ | |
| 16 | 4⅝ | AMdBld | | | 78 | 209 | 18¼ | 17⅞ | 18 | |
| 31⅞ | 14⅞ | AMotn | .25 | .8 | 13 | 58 | 30⅝ | 30 | 30⅛ | − ⅛ |
| 63⅞ | 41½ | AmPetf | 3.20 | 5.7 | 11 | 20 | 56⅝ | 56⅛ | 56¼ | + ⅛ |
| 7⅜ | 2¼ | APlan | | | 13 | 30 | 6⅞ | 6⅞ | 6⅞ | |
| 13½ | 6½ | APrec | .32 | 2.3 | 9 | 78 | u13¾ | 12⅞ | 13⅝ | +1⅛ |
| 6⅞ | 3⅞ | AmRlty | | | 3 | 31 | 5½ | 5½ | 5½ | − ⅛ |

Continued on Page 30

# NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued from Page 28

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 58½ | 22⅝ | Wilfrd | pf | | | 5 | 54 | 53½ | 54 | +2 |
| 30¼ | 11⅛ | Wagrn | s.60 | 2.1 | 15 | 1108 | 29⅛ | 28¾ | 29 | |
| 18 | 11⅛ | WkHRe | g1.32 | | | 9 | 19½ | 18½ | 18½ | |
| 56¼ | 27 | WalCSv | .72 | 1.3 | 17 | 11 | 56 | 54⅝ | 54½ | − ¼ |
| 38⅝ | 16 | WaltJm | 1 | 2.9 | 13 | 698 | 35⅛ | 34½ | 34½ | − ⅞ |
| 10 | 6⅝ | WaltJ | pf 1 | 10 | | z400 | 9⅝ | 9⅝ | 9⅝ | + ⅛ |
| 49½ | 24 | Warnac | 1.40 | 2.8 | 10 | 157 | u49⅝ | 49⅛ | 49½ | |
| 58⅝ | 27 | WrnCm | 1 | 3.5 | 7 | 3678 | 29⅝ | 27⅞ | 29¼ | − ¼ |
| 31½ | 19⅝ | WarnrL | 1.40 | 4.9 | 13 | 1408 | 29¼ | 28½ | 28½ | − ½ |
| 31¼ | 24 | WashGs | 2.76 | 10 | 8 | 97 | 27⅛ | 26½ | 26⅞ | − ⅛ |

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

# WORLD STOCK MARKETS

## LONDON

### ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

| Stock | Closing price | Day's change |
|---|---|---|
| Arlen Elec. | 283 | −40 |
| Bio-Isolates | 120 | −60 |
| Cornell | 148 | −25 |
| London &Liverpool | 430 | −43 |
| Mellins | 170 | −50 |
| Newmarket 1981 | 563 | +27 |
| Platignum | 11 | + 2½ |
| Randfontein | £83⅝ | − 6⅝ |
| RTZ | 504 | −14 |
| Wearwell | 70 | −12 |
| Western Deep | £32⅞ | − 4⅛ |
| Western Holdings | £32¼ | − 4⅝ |

### FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

| Stock | No. of changes | Fri. close | Day's change |
|---|---|---|---|
| Arlington Motor | 40 | 123 | — |
| Carlton Com. | 35 | 205 | — |
| Wearwell | 33 | 82 | − 6 |
| Polly Peck | 29 | £23½ | − ⅛ |
| Bio-Isolates | 24 | 380 | −25 |
| Lon. & Liv. Tst. | 31 | 473 | +15 |
| Cornell | 16 | 173 | −17 |
| ICI | 18 | 378 | + 4 |
| Mellins | 16 | 220 | −16 |
| BAT Inds. | 15 | 670 | — |
| Driefontein | 15 | £21⅞ | − ⅛ |
| Exco | 15 | 615 | — |
| Glaxo | 15 | 720 | − 7 |
| Wilkes (J.) | 14 | 343 | −47 |

### NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (100)

AMERICANS (14)
CANADIANS (7)
BANKS (3)
BREWERS (1)
BUILDINGS (8)
CHEMICALS (1)
DRAPERY AND STORES (1)
ELECTRICALS (3)
ENGINEERING (5)
HOTELS (1)
INDUSTRIALS (9)
INSURANCE (3)
MOTORS (8)
NEWSPAPERS (3)
PAPER (4)
PROPERTY (2)
TRUSTS (29)
OVERSEAS TRADERS (1)
PLANTATIONS (1)

NEW LOWS (14)

STORES (2)
Acsis Jewellery Empire Stores
ELECTRICALS (1)
Greville Europe
FOODS (1)
Hinton (A.)
INDUSTRIALS (6)
Cornell Do. A
Dyson (J. & J.)
LEISURE (1)
Medminster
MOTORS (1)
Technofan
OIL AND GAS (3)
LASMO Weeks Australia
Steaua Rom (Brit)
OVERSEAS TRADERS (1)
Nesco Invests
MINES (1)
Black Hill

### OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Feb 28 | Mar 11 | June 2 | June 13 |
| Mar 14 | Mar 25 | June 16 | June 27 |
| Mar 28 | Apr 8 | June 30 | July 11 |

*For rate indications see end of Share Information Service*

Demand for Options improved considerably and calls were arranged in London and Liverpool, Mellins, London Investment Trust, Lightning Ridge, Metals Exploration, Celtic Haven, Lasmo, Kean and Scott, Stakis, Wearwell, Rugby Portland Cement, Exco International, British Car Auction, ICC Oil Services, Lennons, Turner and Newall, Acrow A, Hoover A, Lee Cooper, Dares Estates, KCA International, KCA Drilling, Woolworth, Chubb, Thomas Tilling, Polly Peck, GKN, Premier Oil, Hollis Bros. & ESA and Rank Organisation.

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon Feb 28 1983

Figures in parentheses show number of stocks per section

| No. | Group | Index No. |
|---|---|---|
| 1 | CAPITAL GOODS (208) | [illegible] |
| 2 | Building Materials (24) | [illegible] |
| 3 | Contracting, Construction (30) | [illegible] |
| 4 | Electricals (32) | [illegible] |
| 5 | Engineering Contractors (10) | [illegible] |
| 6 | Mechanical Engineering (66) | [illegible] |
| 8 | Metals and Metal Forming (11) | [illegible] |
| 9 | Motors (18) | [illegible] |
| 10 | Other Industrial Materials (17) | [illegible] |
| 21 | CONSUMER GROUP (200) | [illegible] |
| 22 | Brewers and Distillers (23) | [illegible] |
| 25 | Food Manufacturing (21) | [illegible] |
| 26 | Food Retailing (14) | [illegible] |
| 27 | Health and Household Products (8) | [illegible] |
| 29 | Leisure (24) | [illegible] |
| 32 | Newspapers, Publishing (13) | [illegible] |
| 33 | Packaging and Paper (14) | [illegible] |
| 34 | Stores (47) | [illegible] |
| 35 | Textiles (22) | [illegible] |
| 36 | Tobaccos (3) | [illegible] |
| 39 | Other Consumer (11) | [illegible] |
| 41 | OTHER GROUPS (78) | 317.4[illegible] |
| 42 | Chemicals (15) | 420.9[illegible] |
| 44 | Office Equipment (6) | 99.[illegible] |
| 45 | Shipping and Transport (13) | 590.4[illegible] |
| 46 | Miscellaneous (44) | 452.1[illegible] |
| 49 | INDUSTRIAL GROUP (486) | 407.8[illegible] |
| 51 | Oils (14) | 693.5[illegible] |
| 59 | 500 SHARE INDEX | 431.3[illegible] |
| 61 | FINANCIAL GROUP (121) | 298.7[illegible] |
| 62 | Banks (6) | 310.2[illegible] |
| 63 | Discount Houses (8) | 298.7[illegible] |
| 65 | Insurance (Life) (9) | 378.5[illegible] |
| 66 | Insurance (Composite) (10) | 297.8[illegible] |
| 67 | Insurance Brokers (7) | 539.1[illegible] |
| 68 | Merchant Banks (13) | 162.1[illegible] |
| 69 | Property (54) | 453.8[illegible] |
| 70 | Other Financial (14) | 235.7[illegible] |
| 71 | Investment Trusts (109) | 407.8[illegible] |
| 81 | Mining Finance (4) | 246.4[illegible] |
| 91 | Overseas Traders (16) | 436.5[illegible] |
| 99 | ALL-SHARE INDEX (750) | 399.3[illegible] |

### FIXED INTEREST

| | PRICE INDICES | Mon Feb 28 | Day's change % | Fri Feb 25 |
|---|---|---|---|---|
| | British Government | | | |
| 1 | 5 years | 116.91 | +0.08 | 117.04 |
| 2 | 5-15 years | 127.27 | +0.63 | 126.48 |
| 3 | Over 15 years | 130.20 | +0.09 | 132.99 |
| 4 | Irredeemables | 139.80 | +0.85 | 138.62 |
| 5 | All Stocks | 126.00 | +0.55 | 125.38 |
| 6 | Debentures and Loans | 100.04 | +0.45 | 99.59 |
| 7 | Preference | 76.84 | +0.05 | 76.80 |

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 80 | 5 | 12 |
| Corpns., Dom. & Foreign Bonds | 44 | 1 | 32 |
| Industrials | 218 | 329 | 780 |
| Financial & Props. | 117 | 62 | 336 |
| Oils | 11 | 39 | 60 |
| Plantations | 7 | 5 | 10 |
| Mines | 5 | 108 | 38 |
| Others | 76 | 50 | 28 |
| Totals | 558 | 599 | 1,294 |

## FINANCIAL TIMES STOCK INDICES

| | Feb. 88 | Feb. 25 | Feb. 24 | Feb. 23 | Feb. 22 | Feb. 21 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 79.43 | 78.94 | 78.89 | 78.72 | 78.65 | 78.64 | 66.91 |
| Fixed Interest | 80.88 | 80.51 | 80.48 | 86.66 | 80.69 | 81.08 | 66.38 |
| Industrial Ord. | 637.7 | 632.8 | 337.2 | 637.2 | 642.4 | 644.6 | 550.8 |
| Gold Mines | 563.8 | 620.7 | 625.9 | 631.3 | 371.3 | 708.9 | 252.8 |
| Ord. Div. Yield | 3.08 | 6.08 | 6.08 | 3.08 | 6.04 | 6.03 | 5.70 |
| Earnings, Yld.% (full) | 10.35 | 10.83 | 10.83 | 10.85 | 10.78 | 10.76 | 10.65 |
| P/E Ratio (net) (*) | 11.33 | 11.18† | 11.10 | 11.08 | 11.13 | 11.18 | 12.25 |
| Total bargains | 25,698 | 23,847 | 27,772 | 24,550 | 24,904 | 25,314 | 28,518 |
| Equity turnover £m. | — | 256.65 | 241.81 | 247.20 | 220.93 | 210.15 | 107.02 |
| Equity bargains | — | 20,043 | 18,430 | 21,038 | 20,574 | 21,833 | 18,313 |
| Shares traded (mil) | — | 142.9 | 154.3 | 144.8 | 156.1 | 133.8 | 80.6 |

10 am 640.9. 11 am 638.4. Noon 639.5. 1 pm 638.7. 2 pm 638.1. 3 pm 637.5.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.
Nil=10.58.
†Correction.

### HIGHS AND LOWS

| | 1982/3 High | 1982/3 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 85.84 (3/11) | 61.89 (5/1/82) | 127.4 (9/1/35) | 49.28 (5/1/75) |
| Fixed Int. | 87.02 (12/11) | 62.79 (7/1/82) | 150.4 (28/11/47) | 50.55 (3/1/75) |
| Ind. Ord. | 662.6 (11/2/83) | 018.1 (5/1/82) | 662.5 (11/2/83) | 42.4 (26/6/40) |
| Gold Mines | 734.7 (15/2/83) | 101.2 (22/6) | 734.7 (15/2/83) | 43.0 (26/10/71) |

### S.E. ACTIVITY

| | Feb. 25 | Feb. 24 |
|---|---|---|
| —Daily Gilt Edged Bargains | 166.2 | 177.5 |
| Equities Bargains | 199.8 | 112.4 |
| Value | 513.7 | 488.8 |
| 5-day Avrge Gilt-Edged Bargains | 186.0 | 194.7 |
| Equities Bargains | 132.1 | 138.3 |
| Value | 475.6 | 691.3 |

## NEW YORK AND CANADA

### Indices

NEW YORK DOW JONES

## AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

## NEW YORK CLOSING PRICES

Continued from Page 29

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| | | X—Y—Z | | | | | | | | |
| 42½ | 27⅛ | Xerox | 3 | 7.8 | 8 | x5383 | 38⅞ | 38⅛ | 38¼ | + ⅛ |
| 51¼ | 49⅞ | Xerox | pf5.45 | 11. | | x340 | 49⅞ | 49½ | 49½ | − ⅛ |
| 23¼ | 10¼ | XTRA | | 2.8 | 25 | 58 | 22⅞ | 22⅝ | 22⅝ | − ⅛ |
| 25 | 17⅛ | ZaleCp | 1.26 | 5.8 | 28 | 8 | 21⅞ | 21¼ | 21¼ | |
| 21⅞ | 11⅛ | Zapata | .84 | 4.8 | 4 | 693 | 17⅛ | 16⅞ | 17 | − ⅛ |
| 71 | 25¼ | Zayre | .60 | .8 | 18 | 147 | u74½ | 69¼ | 74½ | +4 |
| 16⅝ | 9⅛ | ZenithR | | | | 704 | 15 | 14¼ | 14⅜ | − ⅛ |
| 36½ | 16⅝ | Zero | .58 | 1.6 | 16 | 179 | 36½ | 35¼ | 35¼ | − ⅛ |
| 35¼ | 18 | Zurnin | 1.32 | 4.3 | 6 | 228 | 31⅞ | 30¾ | 31 | − ⅛ |

# COMMODITIES AND AGRICULTURE

## Platinum and silver plummet in wake of gold collapse

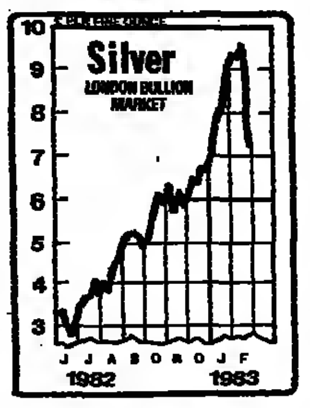
BY JOHN EDWARDS, COMMODITIES EDITOR

THE DRAMATIC collapse in gold triggered shock waves throughout the London metal and commodity markets yesterday. Platinum and silver suffered the main brunt.

At the morning fixing, the London bullion spot price for silver was slashed by 100.40p to 768.20p an ounce. The market lost further ground in the afternoon before recovering slightly towards the close around 730p. In New York silver futures quickly fell to the permissible limit down of $1 in early trading.

Free market platinum plummeted by £29.15 to £258.60p an ounce; the dollar equivalent lost $58.25 to $392 falling below $400 for the first time since December.

On the *London Metal Exchange*, the cash price for high-grade copper closed £44.5 at £1,082 a tonne but the market moved up strongly in late trading. Traders said the gold fall caused considerable nervousness and selling pressure was intensified by losses and margin calls suffered in other markets.




However, the factors that drove copper prices to three-year highs on Friday remain unchanged. Lower U.S. interest rates and the firm trend on Wall Street continue to encourage hopes of better demand developing.

Last week, copper stocks in LME warehouses rose by only 750 tonnes to a total of 296,850 tonnes suggesting that the five-month build-up in holdings is now slowing down significantly.

There is similar optimism in aluminium. After falling back in early trading the cash price closed £1.75 up at a new 35-month high of £881 a tonne.

LME warehouse stocks of aluminium rose marginally last month by 400 to 262,500 tonnes. But the market was encouraged by Kaiser's decision on Friday to lift its U.S. building sheet prices.

Nickel stocks rose by 782 to 9,780 tonnes and zinc by 200 to 91,300. Cash nickel fell by £112.5 to £2,822.5 a tonne on nervous speculative selling. Cash zinc was down too by £9 to £438 a tonne as further U.S. producers cut their domestic selling prices.

Lead stocks fell by 450 tonnes from the record level of 139,950 tonnes reached last week, but the cash price closed £8.75 down influenced by the trend in copper. Tin stocks also fell by 45 to 35,710 tonnes, and LME silver holdings by 940,000 to 32,580,000 oz

## Cocoa price slips to £1,264.5 a tonne

BY RICHARD MOONEY

THE COCOA market responded quickly to plummeting gold values with the May quotation—already £104 below 34-month highs reached early this month—slipping to £1,228 a tonne before ending the day £25 down at £1,264.50 a tonne.

Apart from the effect on sentiment, dealers said the gold decline caused many investors to liquidate cocoa market positions to raise money to cover margin requirements they had to pay to stay in the gold futures market.

Fundamental cocoa market factors were unaltered, they said.

A sharp downturn in the natural rubber market, which reached a three-year high last week, was also attributed to the depressive effect of the gold fall. Dealers said the recent rise had left the rubber market particularly susceptible to a heavy fall.

On the London futures market, May delivery rubber closed £30.50 down at £693.50 a tonne while on the physical market the RSS No. 1 spot position lost 2p to 69p a kilo.

The coffee market's response was relatively muted with the May futures position ending £9 down at £1,624.50 a tonne after slipping to £1,607 at one stage. But this fall will take the International Coffee Organisation's 15-day average indicators price further below the 125 cents a lb level at which a 50,000 bags (60 kilos each) extra quota release would be triggered.

The August position on the London sugar futures market closed £4.60 down at £117.575 a tonne reflecting the trend in other markets. Dealers thought the impending expiry of the London and New York March positions also affected sentiment.

## EEC urges members to sign jute pact

THE European Commission is likely to recommend member states to sign the international jute pact as soon as possible.

The pact, negotiated last October, aims to improve the competitiveness of jute and may lead to moves to stabilise prices.

● TRADING under a pilot programme for options on U.S. agricultural commodities is unlikely to begin for 12-18 months, says Mr Kalo Hineman, commissioner at Washington's Commodity Futures Trading Commission.

● INDONESIA is considering using freeport facilities in Trieste, Italy, for trans-shipping commodity goods

● THE Agriculture Mortgage Corporation says the rate of interest for all existing quarterly-reviewed variable rate loans will be 12.5 per cent.

● THE British Fishing Boats Bill, which provides Fisheries Ministers with new powers to restrict exploitation of fisheries resources, was published yesterday.

● THE UN Food and Agriculture Organisation has revised its estimate of world cereal production upwards by 9m metric tons to 1.553bn tons.

● LARGE areas of the Soviet black earth region were hit by grain smut last year and the fungus could damage this year's grain crop as well.

● THE MEXICAN cotton crop has fallen sharply this season to an estimated 800,000-859,00 bales from 1.4m bales in the 1981-82 season.

● PECHINEY Ugine Kuhlman has stopped producing cobalt metal at its Pombliere plant in Savoy, Eastern France.

● BRITAIN is opposing EEC plans for a compulsory ban on imports of baby seal skins. Instead, it will press for continuation of the existing voluntary ban.

## Farmers seek to balance the supply and demand equation

INDIA, with an annual production of milk of 33m tonnes, is now the third of the big dairy countries to hit trouble this year. The EEC, with a combined production of about 115m tonnes, is still engaged in its annual debate on prices, made more difficult on this occasion with supplies up by 3 per cent.

The U.S., producing annually 70m tonnes, has already introduced stringent price curbs on producers but production continues higher than last year and the difficulty of disposing of an embarrassingly big stockpile has still to be resolved.

Peak milk production comes in the winter months in India, not in May/June as is usual in the Northern Hemisphere. It is influenced by the monsoon seasons and the high seasonal incidence of buffalo milk that makes up half the supply. Concurrent with this year's peak, the price of ghee, a form of butter oil used widely for cooking, is down by 25 per cent on a year ago, with prices running at Rs 30 to Rs 32 (£1.90 to £2.00) a kilo.

This is the problem. Ghee is to India what butter is to the dairy countries of the west—it sets the basic milk price to producers, it is a residual outlet for the seasonal surplus and it forms a large market using, in this case, some 40 per cent of the milk supply.

However, this is where similarities end. For a start, India has no EEC intervention agency or U.S. Commodity Credit Corporation standing ready to support prices and take over stock. The Indian Dairy Corporation, a Government organisation at the centre of the financial structure for dairy development, may conserve a little stock but only to tide over supplies between peak and trough.

Second, there is not an issue of chronic surplus but rather one of long-term chronic need with a population rising at 2 per cent or by 14m a year. This, then, can be regarded as a temporary hiccough made more difficult by the low international vegetable oil prices with which the price of ghee is linked.

It may well prove a valuable, if somewhat salutary, lesson for the commercial managers of the new and modern dairy industry of India that has recently been developed.

The dairy development scheme Operation Flood began in 1970, based on the successful Kaira district milk producers co-operative.

**John Empson looks at the problems of the Indian *dairy industry***

Backed first by the World Food Programme and more recently by the EEC and the World Bank, its aim has been to create a physical infrastructure of milk collection, chilling centres, balancing plants and city dairies and an operating structure of producer co-operatives to link the small village producers and the city markets. Aid in the form of skim milk powder and butter oil is reconstituted and sold, generating the funds for development.

Under Operation Flood the procurement of milk rose from 0.4m litres a day in 1970 to 2.4m in 1981-82. The village co-operatives organised throughout the country now number 23,000 with no less than 2.25m farmer members.

The village co-operatives are organised into district unions that own the dairy plants. The unions are then members of state federations that market the produce. There are now between 15 and 20 state federations. Most have been organised only in the last five years and it is they that are having to face this year's price problem.

Last year, with fairly good ghee prices, some tended to hold milk back from the city dairies in an attempt to do better from manufacture. This year, with ghee prices down, they want to send in greater supplies to the stable city markets. Some, also, are short of cash, not having built up sufficient reserves to finance the stock holding of the winter seasonal peak.

Discussion is thus active on how to improve the "national grid," through which milk is transported from areas of plenty to areas of shortage, the full width of the country.

The seasonal range in milk prices between the "lean" and "flush" periods is also being reconsidered, together with the corresponding storage policies for products.

Additional storage programmes are now being implemented to hold high level of manufacture over to summer lean milk production period when white butter and skim milk powders stocks can be reconstituted to supplement seasonally low liquid milk supplies.

Thus, this year's experience is providing a commercial test for the new producer—organised dairying structure. These problems are well known to co-operative dairies in the west. To an extent they are new to the still somewhat fledgling, commercial organisations of India.

But the experience that results—while not too pleasant at the time—may well prove good for the long term successful commercial development of the new dairy industry of India.

## 'Naturally British' campaign launched

**BRITAIN'S food producers went on the offensive yesterday in their first major campaign since Food From Britain, the new £14m marketing organisation, was launched by the Prime Minister earlier this month.**

**Almost all the UK producers of fresh food have joined forces under a "Naturally British" umbrella and will be exhibiting at the week-long international food exhibition which attracts trade buyers from around the world.**

**Mr Charles Jarvis, chairman of the British Farm Produce Council, said producers are going all-out to grab the lion's share of the £40,000m spent each year in the UK on food and drink.**

**The week-long battle to boost home sales and exports started with a massive traditional British breakfast to which hundreds of buyers were invited.**

**British producers are under no illusions about the battle ahead, said Mr Jarvis. There are more than 400 foreign companies at the Olympia trade-only exhibition all seeking to boost exports to the UK.**

**Mr Peter Walker, Agriculture Minister, said at the opening of the exhibition that Britain's food exports last year topped a record £2,200m—"a truly staggering achievement."**

**"Britain has come relatively late to the exporting of food products although our earlier dazzling success in exports of alcoholic drinks has distracted attention from this.**

**(Agencies)**

## PRICE CHANGES

| In tonnes unless stated otherwise | Feb. 28 1983 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £810/815 | ...... | £810/815 |
| Free Mkt. | $1515/1545 | —30 | $1170/1200 |
| Copper | | | |
| Cash h grade | £1082 | —44.5 | £1055.75 |
| 3 mths | £1114.50 | —45 | £1084.75 |
| Cash Cathode | £1060.0 | —41 | £1029 |
| 3 months | £1090.5 | —43 | £1057.25 |
| Gold troy oz | $413 | —50.5 | $500 |
| Lead Cash | £292 | —8.75 | £307.25 |
| 3 months | £303.5 | —8.82 | £319.25 |
| Nickel | £4584 | ...... | £4584 |
| Free mkt. | 197/237c | —3 | 178/208c |
| Palladium | $99.00 | —14 | $130.25 |
| Platinum | £258.60 | —29.15 | £312.00 |
| Quicksilver† | $330/340 | —10 | $335/345 |
| Silver troy oz | 768.20p | —100.4 | 909.10p |
| 3 mths | 789.05p | —102.2 | 920.60p |
| Tin cash | £8728 | —14.5 | £8160 |
| 3 month | £8725 | —4.5 | £8158 |
| Tungsten | $84.56 | ...... | $90.21 |
| Wolfam 22.04 lb | $82/85 | +1 | $78/82 |
| Zinc Cash | £438 | —9 | £459 |
| 3 mths | £459.5 | —9.25 | £474.375 |
| Producers | $750-800 | ...... | $800 |

| | Feb. 24 1983 | + or — | Month ago |
|---|---|---|---|
| **Oils** | | | |
| Coconut (Phil) | $465z | —2.5 | $452 |
| Groundnut | $440z | ...... | $460 |
| Linseed Crude | £312 | ...... | £352 |
| Palm Malayan | $570x | —2.5 | $375 |
| **Seeds** | | | |
| Copra Philip | ‡ | ...... | $300 |
| Soyabean (U.S.) | $235.75 | —3.75 | $249 |
| **Grains** | | | |
| Barley Fut. May | £120.50 | +0.10 | £119.25 |
| Maize | £150.00 | ...... | £147.00 |
| Wheat Fut. May | £134.95 | +0.70 | £127.85 |
| No2 Hard Wint | ‡ | ...... | ‡ |
| **Other commodities** | | | |
| Cocoa ship't* | £1295 | —25.5 | £1330 |
| Fut. May | £1264.5 | —25.0 | £1295.5 |
| Coffee Ft. May | £1624.5 | —9 | £1691.5 |
| Cotton A. Index | 76.55c | +0.5 | 72.65c |
| Gas Oil Apr. | $220 | —4 | $237.25 |
| Rubber (kilo) | 69p | —2 | 66.5p |
| Sugar (Raw) | £106xx | —2 | £110 |
| Wooltops 64s. | 405p kilo | ...... | 405p kilo |

‡ Unquoted. w March. x April. z Feb-March. † Per 76-lb flask. * Ghana cocoa. n Nominal.

## LONDON OIL SPOT PRICES

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel) | | |
| Arabian Light | 28.30-28.50 | +0.05 |
| Iranian Light | 26.50-27.50 | +0.25 |
| Arabian Heavy | 26.20-28.30 | +0.45 |
| North Sea (Forties) | 27.90-27.90 | ...... |
| North Sea (Brent) | 27.90-28.00 | —0.05 |
| African (Bonny LPL) | 28.00-28.75 | +0.15 |
| PRODUCTS—North West Europe CIF ($ per tonne) | | |
| Premium gasoline | 263-260 | — |
| Gas oil | 230-235 | —1.0 |
| Heavy fuel oil | 149-154 | —0.5 |

Uncertainty over the likelihood of an Opec meeting caused the market to open $5.00 lower and ease farther. A *stronger-than-expected* New York opening encouraged some buying, mainly against the arbitrage, reports Premier Man.

### GAS OIL FUTURES

| Month | Yest'day's close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| March | 229.50 | —3.50 | 229.00-25.00 |
| April | 220.00 | —4.50 | 220.50-17.00 |
| May | 210.25 | —4.75 | 217.00-13.50 |
| June | 216.20 | —6.00 | 218.50-15.25 |
| July | 210.50 | —5.00 | 219.75-14.00 |
| Aug | 218.50 | —4.50 | 218.50-15.25 |
| Sept. | 219.00 | —7.00 | 218.50-18.00 |
| Oct. | 221.00 | —5.00 | 221.50-21.00 |

Turnover: 2,784 (3,746) lots of 100 tonnes.

## GOLD MARKETS

Gold recorded its third biggest one-day fall ever in the London bullion market yesterday to close $50½ down at $412-414. In March 1980 it fell $51 in a day and in January 1980 a record $135. Yesterday's fall was prompted by fears of lower oil prices and the possibility of a price war. After opening at $418-420, it touched a best level of $426-430 before slipping to a low of $402-404.

In Frankfurt the 12½-kilo bar was fixed at DM 32,920 per kilo ($423.03 per ounce) against DM 36,655 ($472.0) and closed at $408-411 from $464½-465½.

In Paris the 12½-kilo bar was fixed at FFr 95,000 per kilo ($430.54 per ounce) in the afternoon compared with FFr 94,000 ($426.19) in the morning and FFr 102,500 ($465.58) on Friday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½-kilo bar at the fixing was $420.0 from $471.50.

In Zurich gold finished at $409-412 from $464-467.

### LONDON FUTURES

| Month | Yest'rday's close | + or — | Business Done |
|---|---|---|---|
| | $ per troy ounce | | |
| March | 413.00-5.00 | —49.05 | 499.00-14.0 |
| April | 416.70-8.00 | —50.30 | 429.50-05.5 |
| May | 481.00-2.00 | —46.25 | — |
| June | 423.00-4.00 | —50.50 | 436.50-12.8 |
| July | 420.50-8.50 | —50.80 | 450.00-32.5 |
| August | 428.50-9.50 | —52.00 | 439.50-25.0 |
| Sept | 430.50-4.50 | —50.80 | 443.00-34.5 |

Turnover: 3,719 (1,338) lots of 100 troy ounces.

| | Feb. 28 | | Feb. 20 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $412-414 | (£273¼-275½) | $463-464 | (£302½-303¼) |
| Opening | $416-420 | (£276-275½) | $470-471 | (£308½-309) |
| Morning fixing | $419.75 | (£276.607) | $470.75 | (£308.429) |
| Afternoon fixing | $408.50 | (£269.015) | $464.75 | (£303.620) |

| Gold Coins Feb. 28 | | | | | |
|---|---|---|---|---|---|
| Krugrnd | $426½-429½ | (£218¾-283½) | King Sov | $100½-103½ | (£66½-68½) |
| ½ Krg | $220-221 | (£145¼-146) | Victoria Sov | $100½-103½ | (£66½-68½) |
| ¼ Krg | $112-113 | (£74-74½) | French 20s | $93½-95¼ | (£61¾-63½) |
| 1/10 Krug | $45½-46½ | (£30-30¾) | 50 pesos Mex | $501-506 | (£330½-334) |
| Mapleleaf | $424½-428½ | (£280¼-283) | 100 Cor. Aust | $413-419 | (£272½-276) |
| New Sov | $97-98½ | (£64-65) | $20 Eagles | $570-500 | (£376½-383) |
| ½ New Sov | $58½-60½ | (£38¾-40) | | | |

## EUROPEAN MARKETS

ROTTERDAM, Feb 28.

Wheat—(U.S. $ per tonne): U.S. No. 2 Red Winter March 152, April 153, May 155, June 145. U.S. No. 3 Amber Durum April-May 167, May 168.50, June 169, July 170. U.S. No. 2 Northern Spring 14 per cent April 168, April-May 167, May 167, June 167.50, July 169, Aug 171. Canadian Western Red Spring April-May 186.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow spot 134.50, Feb 135.50, March 132.50, April-June 134.50, July-Sept 138.50, Oct-Dec 132.50, Jan-March 140 sellers.

SOYABEANS—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports Feb 229.75, March 231.30, April 233.50, May 235.70, June 238.50, July 241.15, Aug 244.80, Sept 246, Oct 244.35, Nov 244.35, Dec 248, Jan 252.75 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent March 208 traded; afloat 206, Feb 206, March 206, April 208.50, April-Sept 213, Nov-March 230 sellers. Pellets Brazil Feb 227, March 224, April 221, April-Sept 220, May-Sept 220.50 sellers.

PARIS, February 28

Cocoa—(FFr per 100 kg): March 1266-1270, May 1332-1336, July 1330 bid, Sept 1403-1410, Dec 1410 asked, March 1430 asked, May 1450 asked.

Sugar—(FFr per tonne): May 1471-1474, July 1500-1550, Aug 1555-1565, Oct 1582-1585, Nov 1580-1590, Dec 1645-1660, March 1741-1750, May 1800-1813.

## BRITISH COMMODITY MARKETS

### BASE METALS

BASE METAL prices suffered initially on the London Metal Exchange from the declines in precious metals, but showed resilience later in the day to close above the day's worst levels. Copper was finally £1,124 after a sizable shake-out. Aluminium closed at £905 and Nickel at £2,940. Lead and Zinc are not subject to speculative interest to the same degree, and traded quietly before closing at £305 for the former and £452.5 for the latter. Tin is also insulated, because of the support operation, and closed at £8,725.

### NICKEL

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| Spot | 2846-55 | —77.5 | 2820-5 | —112 |
| 3 months | 2995-8 | —70.5 | 2898-900 | —108 |

### POTATOES

The UK monetary coefficient for the week beginning Monday March 7 (based on HGCA calculations using four days exchange rates) is expected to change to 1,010.

The market was generally easier, with weaker Dutch futures contributing to a fall in afternoon, reports Coley and Harper.

### JUTE

JUTE—C and F Dundee BWC £289, BWD £242, BTB £311, BTC £269, BTD £243; C and F Antwerp BWC £266, BWD £238, BTC £266, BTD £239; C and F Dundee March 40 in 10 oz £12.77, 40 in 7½ oz £10.15; B Twills £38.97.

### WOOL FUTURES

## AMERICAN MARKETS

NEW YORK, February 28

The uncertainty of oil prices and the concurrent massive margin selling continues to haunt the commodity markets. Precious metals came under heavy liquidation world-wide with a steady flow of offerings which included some Middle East selling. Copper finished limit-down after resisting the selling pressure all last week; heavy arbitrage selling plus commission house liquidation wiped out all attempts to rally the market. Heating oil prices were moderately lower, even though the market psychology revolved around a possible collapse in prices. Cotton prices re-affirmed their long-term bullish potential by advancing against generally negative markets. Sugar prices established new contract lows but managed to minimise their losses at the close on trade buying. Arbitrage selling in cocoa produced heavy pressure and losses which were augmented by massive long liquidation. Coffee prices rallied moderately on short-covering and concern about deliverable stocks. Heavy deliveries in the March on all grains and soyabeans pushed all markets sharply lower; late attempts to rally the market failed and local pressure put the market on new lows, reported Heinold Commodities.

### NEW YORK

COCOA 10 tonnes; $/tonnes

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 1704 | 1704 | 1640 | 1700 |
| May | 1740 | 1748 | 1680 | 1746 |
| July | 1762 | 1774 | 1719 | 1769 |
| Sept | 1783 | 1800 | 1740 | 1793 |
| Dec | 1813 | 1810 | 1766 | 1816 |
| March | 1838 | 1795 | 1785 | 1834 |
| May | 1863 | — | — | 1854 |

SUGAR WORLD "11" 112,000 lb; cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 6.28 | 6.35 | 6.08 | 8.41 |
| May | 9.32 | 0.35 | 9.15 | 9.51 |
| July | 9.56 | 6.60 | 6.40 | 0.85 |
| Sept | 9.80 | 6.99 | 0.82 | 7.25 |
| Oct | 7.15 | 7.20 | 7.05 | 7.44 |
| March | 9.17 | 9.25 | 9.11 | 8.50 |
| May | 9.40 | 9.48 | 8.39 | 6.76 |
| July | 8.65 | 9.85 | 9.65 | 8.99 |

COFFEE "C" 37,000 lb; cents/lb

### CHICAGO

# FT LONDON SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

## INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH AND AFRICAN LOANS

| High | Low | Stock | Price £ | + or – | Int. | Red. Yield |
|---|---|---|---|---|---|---|
| 98½ | 85¾ | Aust. 6pc 1981-83 | 97¾ | +¼ | 6.25 | 11.52 |
| 83¾ | 57 | N.Z. 7½pc 1988-92 | 75¾ | +¼ | 9.77 | 11.88 |
| 93½ | 74¾ | Do 7½pc '83-86 | 90½ | +¼ | 8.42 | 11.54 |
| 167 | 136 | S. Rhod. 2½pc Non-Ass. | 165 | | — | — |
| 80 | 50 | Do 3½pc 80-85 Assd. | 76xd | | 4.61 | 13.40 |
| 55 | 32 | Do 4½pc 87-92 Assd. | 46 | | 9.84 | 16.20 |
| 402 | 318 | Zimbabwe Ann (£100pc) | 368 | | — | 19.54 |

## LOANS

### Public Board and Ind.

| High | Low | Stock | Price £ | + or – | Int. | Red. Yield |
|---|---|---|---|---|---|---|
| 77½ | 57¼ | Agric. Mt. 5pc '59-89 | 74¼ | +¼ | 6.75 | 10.73 |
| 38 | 24¼ | Met. Wtr. 3pc 'B' | 32xd | +¼ | 9.35 | 12.04 |

## LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

## AMERICANS

[illegible]

## CANADIANS

[illegible]

## BANKS, H.P. & LEASING

| High | Low | Stock | Price | + or – | Div. Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 282 | 182 | ANZ SA1 | 210 | ..... | 028c | $1 | 8.4 | 3.8 |
| 315 | 205 | Alexanders D. £1 | 275xd | ..... | 20.0 | — | 10.4 | — |
| £79 | £48 | Algemene Fl. 100 | £79 | | v026% | 1.8 | 7.9 | 7.0 |
| 105 | 75 | Allied Irish | 105 | +3 | 045.3% | 4.0 | 9.3 | 3.4 |
| 164 | 85 | Arbuthnot (H.) 50p | 87 | ..... | 3.5 | — | 5.7 | — |
| 275 | 200 | Bk. Ireland £1 | 275 | | 729% | — | 9.2 | — |
| 3½ | 2 | Bank Leumi | 2½ | ..... | — | — | — | — |
| ‡227 | 150 | Bk. Leumi (UK) £1 | 150 | ..... | 10.15 | — | 10.1 | — |

## BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## CHEMICALS, PLASTICS—Cont.

[illegible]

## DRAPERY AND STORES

[illegible]

## ELECTRICALS

[illegible]

## ELECTRICALS—Continued

[illegible]

## ENGINEERING MACHINE TOOLS

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## FOOD, GROCERIES—Cont.

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS—Continued

[illegible]

## INSURANCES

[illegible]

## LEISURE

[illegible]

## LEISURE—Continued

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS—Cont.

[illegible]

### Finance, Land, etc.

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]



## MINES—Continued

### Central African

| 1982/83 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 300 | 75 | Falcon Rh 50c | 275 | 25 | 025 | 10 3 | 6 |
| 11 | 18 | Wankie Col. Z$1 | 21 | +1 | m3 | 12 | 9 |
| 28 | 12 | Zam Cpr SBD0 24 | 24 | | — | — | — |

### Australians

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights

- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited.
- Not officially UK Listed; dealings permitted under Rule 163(4)(a)
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- Price at time of suspension.
- Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated
- Forecast dividend: cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided
- No par value.

B.Fr. Belgian Francs. Fr. French Francs. Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

## REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency

[illegible]

## OPTIONS

### 3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar firm on gold's fall

The dollar was very firm in the foreign exchange market yesterday, but total volume was not particularly heavy. The sharp fall in the price of gold encouraged dollar buying, with momentum building up during the afternoon when U.S. markets opened. The dollar still appears to be regarded as a safe haven at a time of great uncertainty about the future level of oil prices.

Sterling continued to look vulnerable because of the oil situation, but showed little change against other currencies apart from the dollar. Market sources suggested that the authorities probably intervened from time to time to limit the pound's fall. It touched a record trading low in the afternoon, and the finishing level of $1.5150 was equal to the all time closing low.

DOLLAR — Trade-weighted index (Bank of England) 120.6, against 120.4 six months ago. The dollar is showing renewed strength as a safe haven for funds during a period of extreme uncertainty about the effects of falling oil prices on other currencies. U.S. interest rates have not fallen as sharply as once expected, partly because of the high level of Federal funding. These factors are tending to outweigh the present trade position and large U.S. balance of payments deficit.

The dollar rose to DM 2.4310 from DM 2.4130 against the D-mark; to FFr 6.8950 from FFr 6.8450 against the French franc; to SwFr 2.06 from SwFr 2.0275 in terms of the Swiss franc; and to Y237.55 from Y234.80 against the Japanese yen.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5100. January average 1.5735. Trade-weighted index 80.2, compared with 80.1 at noon, 80.3 at the opening, 80.4 at the previous close, and 91.7 six months ago. Sterling has renewed its recent decline, and is still very weak and vulnerable. Uncertainty about the level of world oil prices, despite the recent cut of $3 a barrel in North Sea values is the major factor. Falling inflation, a decreasing budget deficit, and good trade figures until recently, have been ignored.

Sterling touched a peak of $1.5250-1.5260, but fell to a low of $1.5115-1.5125 in the afternoon, before closing at $1.5145-1.5155, a fall of 1.30 cents on the day. The pound fell to DM 3.6850 from DM 3.68; and to FFr 10.4450 from FFr 10.46; but improved to SwFr 3.12 from SwFr 3.10; and to Y360 from Y359.

D-MARK — Trading range against the dollar in 1982-83 is 2.4948 to 2.2410. January average 2.3900. Trade-weighted index 128.4 against 125.2 six months ago. The D-mark has been unsettled in the run up to this week's general election. Favourable trade figures and no hope of a cut in interest rates before the election have helped to underpin the currency, however, although there are few signs at present of a switch out of the dollar which has kept European currencies depressed.

Short covering after an unchanged U.S. discount rate pushed the dollar firmer in Frankfurt yesterday to a fixing of DM 2.4212 up from Friday's level of DM 2.4148. However, there was still a good deal of speculation in the market following weekend comments by leading U.S. officials that U.S. interest rates were too high. Within the EMS the Belgian franc recovered to DM 5.077 per BFr 100 from DM 5.074 while sterling eased slightly to DM 3.6830 from DM 3.6850.

FRENCH FRANC — Trading range against the dollar in 1982-1983 is 7.3250 to 5.6850. January average 6.5857. Trade weighted index 74.1 against 73.3 six months ago. The French franc remains under pressure within the EMS and is close to a record low against the D-mark. This has prompted repeated central bank intervention to help the franc and very high Euro-franc interest rates.

The French franc eased against the dollar at yesterday's fixing in Paris. The dollar rose to FFr 6.8630 from FFr 6.8475 while sterling eased to FFr 10.4480 from FFr 10.4530. Within the EMS the D-mark was a little weaker at FFr 2.8347 from FFr 2.8355 after the weekend although the Belgian franc improved to FFr 14.3920 per BFr 100 from FFr 14.3850.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU February 28 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.9704 | 46.0598 | +0.20 | +1.68 | ±1.5501 |
| Danish Krone | 8.23400 | 8.13305 | −1.23 | +0.23 | ±1.6430 |
| German D-Mark | 2.33379 | 2.28651 | −2.03 | −0.57 | ±1.0888 |
| French Franc | 6.61387 | 6.48189 | −2.00 | −0.54 | ±1.3940 |
| Dutch Guilder | 2.57971 | 2.52818 | −2.90 | −0.54 | ±1.5004 |
| Irish Punt | 0.691911 | 0.689344 | −0.24 | +1.22 | ±1.6691 |
| Italian Lira | 1350.27 | 1320.03 | −2.24 | −1.35 | ±4.1369 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### OTHER CURRENCIES

| Feb. 28 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 81,337-81,577 | 58,050-60,010 | Austria | 25.75-26.00 |
| Australia Dollar | 1.5880-1.5900 | 1.0470-1.0470 | Belgium | 75.50-70.50 |
| Brazil Cruzeiro | 577.48-581.48 | 379.54-381.44 | Denmark | 13.04-15.17 |
| Finland Markka | 8.1545-8.1780 | 5.4040-5.4060 | France | 10.59-10.49 |
| Greek Drachma | 125.379-128.560 | 85.50-84.00 | Germany | 0.98¾-3.70¾ |
| Hong Kong Dollar | 10.01-10.03 | 6.6140-6.6190 | Italy | 2105-2150 |
| Iran Rial | 128.50* | 84.55* | Japan | 359-364 |
| Kuwait Dinar (KD) | 0.441-0.449 | 0.29175-0.29185 | Netherlands | 4.05¾-4.09¾ |
| Luxembourg Fr. | 72.50-72.70 | 47.93-47.95 | Norway | 10.91-10.81 |
| Malaysia Dollar | 0.44-3.45 | 2.2730-2.2750 | Portugal | 138-150 |
| New Zealand Dlr. | 2.1065-2.1130 | 1.3945-1.3965 | Spain | 193¾-206 |
| Saudi Arab. Riyal | 5.2030-5.2080 | 3.4305-3.4410 | Sweden | 11.28-11.38 |
| Singapore Dollar | 3.1375-3.1475 | 2.0730-2.0750 | Switzerland | 3.09½-3.15½ |
| Sth. African Rand | 1.6485-1.6490 | 1.0880-1.0885 | United States | 1.51¼-1.55¼ |
| U.A.E. Dirham | 5.5535-5.5600 | 3.6720-3.6705 | Yugoslavia | 120-127 |

*Selling rates

### CURRENCY MOVEMENTS

| Feb. 28 | Bank of England Index | Morgan Guaranty Change % |
|---|---|---|
| Sterling | 80.2 | −39.9 |
| U.S. dollar | 120.6 | +11.0 |
| Canadian dollar | 90.2 | −17.3 |
| Austrian schilling | 190.2 | +50.5 |
| Belgian franc | 93.8 | −1.5 |
| Danish kroner | 83.4 | −9.0 |
| Deutsche mark | 128.4 | +54.7 |
| Swiss franc | 148.6 | +105.5 |
| Guilder | 119.7 | +27.1 |
| French franc | 74.1 | −18.1 |
| Lira | 53.5 | −58.4 |
| Yen | 144.4 | +57.9 |

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

### CURRENCY RATES

| Feb. 28 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.715554 | 0.620020 |
| U.S. $ | 8½ | 1.08995 | 0.944057 |
| Canadian $ | 0.48 | * | 1.15807 |
| Austria Sch | 4¾ | 18.3368 | 16.0770 |
| Belgian F | 11½ | 51.9906 | 45.0598 |
| Danish Kr | 10 | 9.38447 | 8.10505 |
| D mark | 5 | 2.63999 | 2.28651 |
| Guilder | 4 | 2.81725 | 2.52918 |
| French F | 9½ | 7.48033 | 6.48189 |
| Lira | 18 | 1824.30 | 1590.03 |
| Yen | 5½ | 256.628 | 222.892 |
| Norwgn Kr | 9 | 7.77625 | 6.75055 |
| Spanish Pta | — | 142.415 | 123.388 |
| Swedish Kr | 8 | 8.10888 | 7.05100 |
| Swiss Fr | 4½ | 2.22808 | 1.95126 |
| Greek Dr'ch | 20½ | 91.0960 | 78.9388 |

*CS/SDR rate for Feb 24: 1.34024.

### THE POUND SPOT AND FORWARD

| Feb 28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.5115-1.5260 | 1.5145-1.5155 | 0.40-0.35c pm | 2.97 | 0.97-0.92 pm | 2.49 |
| Canada | 1.8605-1.8725 | 1.8615-1.8625 | 0.32-0.22c pm | 1.74 | 0.88-0.78 pm | 1.78 |
| Nethlnd. | 4.06½-4.10 | 4.07-4.08 | 2⅞-2⅛c pm | 7.73 | 7⅛-6⅞ pm | 5.76 |
| Belgium | 72.45-73.00 | 72.60-72.70 | 10-20c dis | −2.48 | 45-55 dis | −2.75 |
| Denmark | 13.09-13.17 | 13.11-13.12 | 4-5¼ore dis | −4.36 | 13¾-14¾dis | −4.25 |
| Ireland | 1.1075-1.1160 | 1.1100-1.1120 | 0.16-0.27p dis | −2.7 | 0.97-0.83dis | −2.70 |
| W. Ger. | 3.67½-3.70½ | 3.68-3.69 | 2⅞-1⅞pf pm | 9.51 | 6⅞-5⅞ pm | 9.11 |
| Portugal | 139.75-143.00 | 140.50-142.50 | 500-1270c dis | −75.05 | 755-2290dis | −43.04 |
| Spain | 198.00-199.20 | 198.15-198.45 | 140-210c dis | −10.59 | 455-545dis | −10.09 |
| Italy | 2.125-2.135 | 2.126-2.127 | 17½-20½lire dis | −10.72 | 54-59 dis | −10.63 |
| Norway | 10.83-10.89 | 10.85-10.86 | 2⅞-3⅞ore dis | −3.73 | 7½-8⅞ dis | 2.97 |
| France | 10.43½-10.49½ | 10.44-10.46 | 11-13c dis | −13.79 | 30⅞-32⅞dis | −12.15 |
| Sweden | 11.30-11.36 | 11.30½-11.31½ | ⅛ore pm-⅞ dis | −0.40 | ⅞ pm-⅞ dis | 0.22 |
| Japan | 358-362 | 359½-360½ | 1.70-1.50y pm | 5.33 | 4.30-4.10 pm | 4.67 |
| Austria | 25.80-26.05 | 25.67-25.82 | 14-12gro pm | 8.02 | 37½-32½ pm | 5.41 |
| Switz. | 3.10-3.14 | 3.11½-3.12½ | 2⅞-2⅞c pm | 9.13 | 6⅞-6⅞ pm | 8.17 |

Belgian rate is for convertible francs. Financial franc 78.30-78.40. Six-month forward dollar 1.63-1.58c pm. 12-month 2.10-1.95c pm.

### THE DOLLAR SPOT AND FORWARD

| Feb 28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.5115-1.5260 | 1.5145-1.5155 | 0.40-0.35c pm | 2.97 | 0.97-0.92 pm | 2.48 |
| Ireland† | 1.3610-1.3715 | 1.3645-1.3660 | 0.65-0.55c pm | 6.25 | 1.70-1.50 pm | 4.67 |
| Canada | 1.2280-1.2295 | 1.2290-1.2295 | 0.12-0.15c dis | −1.32 | 0.20-0.23dis | −0.70 |
| Nethlnd. | 2.6745-2.6940 | 2.6880-2.6800 | 1.06-0.96c pm | 4.50 | 2.67-2.77 pm | 4.19 |
| Belgium | 47.60-47.97 | 47.93-47.95 | 20-22c dis | −5.26 | 60-64 dis | −5.17 |
| Denmark | 8.6050-8.6650 | 8.6550-8.6650 | 4½-5½ore dis | −9.93 | 13¾-14⅞dis | −5.68 |
| W. Ger. | 2.4170-2.4375 | 2.4305-2.4315 | 0.78-0.74pf pm | 3.75 | 2.20-2.15 pm | 3.58 |
| Portugal | 92.00-94.00 | 93.00-94.00 | 350-850c dis | −77.17 | 550-1650dis | −45.02 |
| Spain | 130.60-130.95 | 130.80-130.90 | 125-170c dis | −13.55 | 400-460dis | −13.16 |
| Italy | 1,397-1,407½ | 1,402¾-1,403¾ | 15½-17lire dis | −13.88 | 48-48½ dis | −13.46 |
| Norway | 7.1220-7.1680 | 7.1525-7.1625 | 3.20-4.20ore dis | −5.19 | 9-10 dis | −6.30 |
| France | 6.8575-6.9075 | 6.8925-6.8975 | 9.30-9.80c dis | −19.61 | 25-26 dis | −14.78 |
| Sweden | 7.4370-7.4725 | 7.4625-7.4725 | 1.60-2.10ore dis | −2.97 | 4.40-4.90dis | −2.49 |
| Japan | 236.60-238.20 | 237.50-237.60 | 0.44-0.39y pm | 2.10 | 1.30-1.22 pm | 2.12 |
| Austria | 16.98½-17.12½ | 17.10-17.11 | 4.90-4.10gro pm | 3.16 | 13¾-11⅞ pm | 2.92 |
| Switz. | 2.0370-2.0680 | 2.0595-2.0605 | 1.11-1.04c pm | 6.26 | 2.94-2.89 pm | 5.66 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 50.35-50.45.

### EXCHANGE CROSS RATES

| Feb. 28 | Pound St'rling | U.S. Dollar | Deutschem'k | Japanese Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1 | 1.516 | 3.685 | 360.0 | 10.445 | 3.180 | 4.076 | 2125. | 1.862 | 72.65 |
| U.S. Dollar | 0.660 | 1. | 2.432 | 937.6 | 6.824 | 2.009 | 9.690 | 1405. | 1.229 | 47.95 |
| Deutschemark | 0.271 | 0.411 | 1. | 97.69 | 2.834 | 0.847 | 1.106 | 576.9 | 0.505 | 19.72 |
| Japanese Yen 1,000 | 2.778 | 4.208 | 10.24 | 1000. | 29.01 | 8.567 | 11.32 | 5906. | 5.178 | 201.8 |
| French Franc 10 | 0.007 | 1.450 | 3.998 | 344.7 | 10. | 2.987 | 3.901 | 2035. | 1.783 | 69.45 |
| Swiss Franc | 0.321 | 0.489 | 1.181 | 115.4 | 3.348 | 1. | 1.306 | 681.4 | 0.597 | 23.28 |
| Dutch Guilder | 0.245 | 0.372 | 0.904 | 88.34 | 2.565 | 0.766 | 1. | 521.7 | 0.457 | 17.80 |
| Italian Lira 1,000 | 0.470 | 0.713 | 1.755 | 168.3 | 4.913 | 1.468 | 1.917 | 1000. | 0.976 | 34.17 |
| Canadian Dollar | 0.537 | 0.814 | 1.879 | 193.3 | 5.610 | 1.676 | 2.189 | 1142. | 1. | 38.02 |
| Belgian Franc 100 | 1.375 | 2.085 | 5.078 | 495.5 | 14.38 | 4.296 | 5.509 | 2826. | 2.563 | 100. |

## FINANCIAL FUTURES

# Narrow trading

Trading was confined to a fairly narrow range in most sectors of the London International Financial Futures Exchange yesterday. Euro-dollars tended to open stronger, underpinned by good commercial buying as the market reacted to an unchanged U.S. discount rate. There had been renewed speculation on Friday that such a move was imminent following a lower Federal funds rate and a cut to 10½ per cent in most leading banks' prime rates. However the underlying sentiment remained bullish although Chicago prices opened some way below expectations which saw London prices lose ground in the afternoon.

The June Euro-dollar price opened at 91.21 and rose to a best level of 91.34 before falling back to close at 91.28 compared with Friday's close of 91.22.

Short sterling showed very little movement, trading in a three point spread all day in the March contract but showing a better performance in June where much of the trading was centred. There was also interest in the September contract with operators showing greater expectations of a longer term fall in rates. However, volume was restricted to some extent as many people are already long and the market is now awaiting some fresh impetus to stimulate trading. For the time being uncertainty over oil prices and movements in U.S. interest rates together with a sharp fall in gold have kept the market from adopting any clear cut trend.

Trading was active in the gilt sector with a total of 1,857 lots traded. Activity remained centred on the June contract. Here the price opened at 101-25 up from 101-13 and reached a high of 102-17 before slipping back to 101-31 at the close as sterling showed an easier tendency in late trading. Dealers also noted selling of the March contract as the delivery date approached.

### LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 91.28 | 91.34 | 91.28 | 91.22 |
| June | 91.18 | 91.24 | 91.15 | 91.07 |
| Sept | 90.90 | 90.94 | 90.90 | 90.78 |
| Dec | 90.69 | 90.70 | 90.69 | 90.50 |
| March | 90.35 | 90.35 | 90.35 | 90.05 |

Volume 1,231 (1,672)
Previous day's open int. 2,905 (2,907)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 88.90 | 88.93 | 88.90 | 88.93 |
| June | 89.70 | 89.80 | 89.67 | 89.72 |
| Sept | 90.18 | 90.29 | 90.15 | 90.15 |
| Dec | 90.23 | 90.23 | 90.23 | 90.17 |

Volume 583 (1,062)
Previous day's open int. 2,434 (2,414)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 102-08 | 102-25 | 102-00 | 101-25 |
| June | 101-31 | 102-17 | 101-25 | 101-13 |
| Sept | 101-17 | 101-17 | 101-15 | 100-30 |

Volume 1,857 (1,831)
Previous day's open int. 2,409 (2,466)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of June futures contract) 26 to 34 (32nds).

STERLING £25,000 $ per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 1.5189 | 1.5245 | 1.5180 | 1.5300 |
| June | 1.5078 | 1.5150 | 1.5080 | 1.5210 |
| Sept | 1.4985 | 1.4985 | 1.4985 | 1.5117 |

Volume 466 (271)
Previous day's open int. 912 (963)

DEUTSCHE MARKS DM 125,000 $ per DM

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 0.4106 | 0.4133 | 0.4103 | 0.4151 |
| June | 0.4140 | 0.4170 | 0.4140 | 0.4186 |
| Sept | 0.4200 | 0.4200 | 0.4200 | 0.4241 |

Volume 211 (22)
Previous day's open int. 236 (248)

SWISS FRANCS SwFr 125,000 $ per SwFr

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 0.4842 | 0.4902 | 0.4856 | 0.4932 |
| June | 0.4920 | 0.4985 | 0.4920 | 0.5021 |
| Sept | 0.4997 | 0.4997 | 0.4997 | 0.5080 |

Volume 258 (101)
Previous day's open int. 311 (340)

JAPANESE YEN Y12.5m $ per Y100

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 0.4200 | 0.4231 | 0.4202 | 0.4257 |
| June | 0.4230 | 0.4268 | 0.4238 | 0.4280 |
| Sept | 0.4234 | 0.4234 | 0.4234 | 0.4284 |

Volume 244 (8)
Previous day's open int. 335 (341)

### CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | 77-14 | 77-30 | 77-09 | 77-21 |
| June | 76-25 | 77-13 | 76-20 | 77-00 |
| Sept | 76-07 | 76-24 | 75-02 | 76-11 |
| Dec | 75-22 | 76-04 | 75-18 | 75-26 |
| March | 75-08 | 75-22 | 75-07 | 75-12 |
| June | 74-28 | 75-09 | 74-28 | 75-01 |
| Sept | 74-20 | 75-01 | 74-20 | 74-24 |
| Dec | 74-13 | 74-22 | 74-13 | 74-17 |
| March | — | — | — | 74-11 |
| June | — | — | — | 74-06 |

U.S. TREASURY BILLS (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | 92.20 | 92.28 | 92.15 | 92.29 |
| June | 92.26 | 92.37 | 92.24 | 92.37 |
| Sept | 92.06 | 92.13 | 92.05 | 92.13 |
| Dec | 91.91 | 91.91 | 91.91 | 91.84 |
| March | 91.53 | 91.67 | 91.53 | 91.57 |
| June | 91.29 | 91.37 | 91.28 | 91.29 |
| Dec | 90.82 | 90.85 | 90.91 | 90.73 |

CERT. DEPOSIT (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 90.98 | 90.99 | 90.91 | 90.92 |
| March | 91.70 | 91.72 | 91.64 | 91.89 |
| June | 91.51 | 91.58 | 91.48 | 91.53 |
| Sept | 91.21 | 91.21 | 91.21 | 91.20 |

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | 91.03 | 91.08 | 91.02 | 91.04 |
| June | 90.82 | 90.96 | 90.91 | 90.92 |
| Sept | 90.67 | 90.69 | 90.64 | 90.64 |
| Dec | 90.44 | 90.44 | 90.38 | 90.35 |
| Feb | — | — | — | — |

STERLING (IMM) $ per £

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | 1.5120 | 1.5206 | 1.5075 | 1.5240 |
| June | 1.5030 | 1.5105 | 1.4980 | 1.5155 |
| Sept | 1.4950 | 1.5060 | 1.4940 | 1.5106 |
| Dec | 1.4950 | 1.4995 | 1.4930 | 1.5080 |
| March | — | — | — | 1.5060 |
| June | — | — | — | — |

GNMA (CBT) 8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | 71-10 | 71-24 | 71-03 | 71-17 |
| June | 70-10 | 70-25 | 70-03 | 70-17 |
| Sept | 69-11 | 69-28 | 69-08 | 69-19 |
| Dec | 68-20 | 69-05 | 68-15 | 68-29 |
| March | 68-04 | 68-12 | 68-00 | 68-13 |
| June | 67-21 | 67-29 | 67-15 | 67-31 |
| Sept | 67-10 | 67-19 | 67-08 | 67-20 |
| Dec | 66-31 | 67-07 | 66-26 | 67-09 |
| March | — | — | — | 67-01 |
| June | — | — | — | — |
| Sept | — | — | — | — |
| Dec | — | — | — | — |

## MONEY MARKETS

# London rates easier

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

Interest rates maintained a slightly easier tone on the London money market, while overnight money traded in a fairly narrow range throughout despite some confusion about the extent of the day-to-day credit shortage. The Bank of England forecast a shortage of £450m, and later revised this to £400m, although market sources suggested that the final figure was probably more in line with the official help, totalling £523m.

There were a very large number of bills maturing in the hands of the Bank of England, and this combined with the take-up of Friday's Treasury bill tender drained £1,015m. Exchequer transactions offset this by about £230m, and the market was also helped by a fall in the note circulation of £240m.

Before lunch the Bank of England gave help of £411m, including outright purchases of £5m local authority bills in band 1 (up to 14 days maturity) at 11 per cent; £14m bank bills in band 1 at 11 per cent; and £220m bank bills in band 2 (15-33 days) at 11 per cent. Apart from the £239m bills bought outright the Bank of England also purchased £172m bills for resale on March 7 at 11$\frac{1}{32}$-11$\frac{1}{16}$ per cent.

In the afternoon the authorities bought another £112m bank bills outright by way of £21m in band 1 and £91m in band 2 at 11 per cent.

During the next two days the market will be faced with the major factor of Petroleum Revenue Tax payments, which are likely to total some £1.75bn. This is expected to affect trading on Wednesday more than today.

In Amsterdam the Dutch central bank cut its discount rate by ½ per cent to 4 per cent, while the refinancing rate for secured loans was reduced by ½ per cent to 4½ per cent. The promissory note rate, third major official interest rate, was cut by a similar amount to 5 per cent.

### LONDON MONEY RATES

| Feb. 28 1983 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 10¾-11½ | — | — | — | 10⅞-11⅛ | 9-11⅛ | — | — | — |
| 2 days notice | — | — | 11¼-11⅛ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | 11⅛-11¾ | — | — | — | — |
| 7 days notice | — | 11¼-11⅝ | 11⅜-11½ | — | — | 11¾ | 11-11⅛ | — | — | — |
| One month | 11$\frac{7}{16}$-11$\frac{5}{16}$ | 11⅜ 11½ | 11⅜ | 12 11⅝ | 11⅝ | 11¾ | 11-11⅛ | 11-11$\frac{1}{16}$ | 11$\frac{1}{16}$ | 11$\frac{9}{16}$ |
| Two months | 11⅜-11¼ | 11$\frac{7}{16}$-11$\frac{5}{16}$ | 11$\frac{5}{16}$ | 11⅞-11½ | 11⅝ | 11⅝ | 11-11⅛ | 10$\frac{31}{32}$-11 | 10$\frac{15}{16}$-10$\frac{7}{8}$ | 11$\frac{3}{8}$ |
| Three months | 11¼-11⅛ | 11$\frac{5}{16}$-11$\frac{3}{16}$ | 11$\frac{1}{16}$ | 11⅜-11⅛ | 11⅛ | — | 10¾-10⅞ | 10$\frac{15}{16}$-11 | 10⅞-10$\frac{13}{16}$ | 11½ |
| Six months | 11-10⅞ | 11$\frac{1}{16}$ 11$\frac{1}{32}$ | 11$\frac{1}{16}$ | 10½-10¼ | 11¼ | — | — | — | 10$\frac{11}{16}$ | 11$\frac{1}{16}$ |
| Nine months | 10⅞-10¾ | 11-11⅛ | — | 11⅛-10¾ | 11⅛ | — | — | — | — | — |
| One year | 10$\frac{15}{16}$-10$\frac{13}{16}$ | 10⅞-11 | 10½ | 11-10⅝ | 11 | — | — | — | — | — |
| Two years | — | — | 11¼ | — | — | — | — | — | — | — |

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 5 to February 1 1983 (inclusive) 11.321 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11¾ per cent; four years 11½ per cent; five years 11¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 10⅜ per cent; four month trade bills 11⅛ per cent.

Approximate selling rate for one month Treasury bills 10$\frac{29}{32}$-11 per cent; two months 10⅞ per cent and three months 10$\frac{13}{16}$-10¾ per cent. Approximate selling rate for one month bank bills 11-11$\frac{1}{16}$ per cent; two months 10⅞-10$\frac{29}{32}$ per cent and three months 10$\frac{13}{16}$-10$\frac{27}{32}$ per cent; trade bills 11$\frac{5}{16}$ per cent. two months 11$\frac{5}{16}$ per cent and three months 11⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11½ per cent from March 1 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums at seven days' notice 8 per cent.

Treasury Bills: Average tender rate of discount 10.8439 per cent. Certificates of Tax Deposit (Series 5). Deposits of £100,000 and over held under one month 11½ per cent; one-three month 11½ per cent; three-six month 11¼ per cent; six-12 month 11¼ per cent. Under £100,000 11 per cent from February 23. Deposits held under Series 5-5 11¼ per cent. The rate for all deposits withdrawn for cash 8½ per cent.

## INTEREST RATES

### EURO-CURRENCY INTEREST RATES (Market closing rates)

| Feb. 28 | Short term | 7 days notice | Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | 11⅛-11½ | 11⅜-11⅝ | 11⅜-11½ | 11$\frac{3}{16}$-11$\frac{5}{16}$ | 11$\frac{1}{16}$-11$\frac{3}{16}$ | 10$\frac{13}{16}$-10$\frac{15}{16}$ |
| U.S. Dollar | 9⅝-8⅞ | 9⅜-9⅛ | 9$\frac{1}{16}$-8$\frac{15}{16}$ | 9$\frac{1}{16}$-8$\frac{15}{16}$ | 9$\frac{1}{16}$-9$\frac{5}{16}$ | 9⅛-9⅜ |
| Can. Dollar | 11-11⅛ | 10-10⅜ | 9$\frac{5}{16}$-9$\frac{7}{16}$ | 9⅜-9⅝ | 9⅜-9⅝ | 9⅝-9⅞ |
| D. Guilder | 4¾-4⅞ | 4⅝-4¾ | 4$\frac{7}{16}$-4$\frac{9}{16}$ | 4$\frac{7}{16}$-4$\frac{9}{16}$ | 4⅛-4⅜ | [illegible] |
| S. Franc | 1¾-2 | 8-2¼ | 2$\frac{7}{8}$-3$\frac{1}{8}$ | 3$\frac{1}{16}$-3$\frac{3}{16}$ | 3⅛-3½ | 3$\frac{1}{16}$-3$\frac{5}{16}$ |
| Deutschm'rk | 5½-5⅝ | 5⅜-5⅝ | 5⅜-5½ | 5⅜-5⅝ | 5$\frac{7}{16}$-5$\frac{9}{16}$ | 5$\frac{7}{16}$-5⅝ |
| Fr'nch Franc | 18¾-15¼ | 18-20 | 23¾-25¾ | 23-24 | 21⅛-21⅞ | 18¾-18¼ |
| Italian Lira | 16-17½ | 16¾-20¾ | 20⅝-21⅝ | 21⅝-22⅝ | 21⅝-22 | 21-21⅞ |
| Belg. Franc Conv. | 11-12 | 11½-12½ | 13-13¾ | 13¾-14½ | 13¼-14¼ | 12⅝-13⅛ |
| Belg. Franc Fin. | 11¾-19⅛ | 12-12¼ | 12⅛-12⅜ | 12⅛-10⅝ | 12¼-19⅛ | 10¼-12⅛ |
| Yen | 6¾-7 | 6⅞-7 | 6$\frac{1}{16}$-6$\frac{3}{16}$ | 6$\frac{3}{8}$-6$\frac{5}{8}$ | 6⅝-6¾ | 6⅝-6¾ |
| D. Krone | 13¾-15¼ | 14⅞-16⅜ | 16-17½ | 17-16½ | 16⅝-18¼ | 16⅝-18⅛ |
| Asia $ (Sing.) | 8⅝-8¾ | 8$\frac{1}{16}$-8$\frac{3}{16}$ | 8½-8$\frac{11}{16}$ | 8$\frac{7}{16}$-8$\frac{9}{16}$ | 8$\frac{7}{16}$-9$\frac{1}{16}$ | 8¾-9⅜ |

### FT LONDON INTERBANK FIXING

(11.00 a.m. FEBRUARY 28)

| 3 month U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 8 5/4 | offer 8 7/8 | bid 8 7/8 | offer 9 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

NEW YORK

| | |
|---|---|
| Prime rate | 10½-11 |
| Fed funds (lunch-time) | 8⅝-8¾ |
| Treasury bills (13-week) | 7.88 |
| Treasury bills (26-week) | 7.91 |

GERMANY

| | |
|---|---|
| Lombard | 6.0 |
| Overnight rate | 5.95 |
| One month | 5.90 |
| Three months | 5.675 |
| Six months | 5.625 |

FRANCE

| | |
|---|---|
| Intervention rate | 12.5 |
| Overnight rate | 12.75 |
| One month | 12.9125 |
| Three months | 12.875 |
| Six months | 12.6875 |

JAPAN

| | |
|---|---|
| Discount rate | 5.5 |
| Call (unconditional) | 6.71875 |
| Bill discount (3-month) | 6.84375 |

SWITZERLAND

| | |
|---|---|
| Discount rate | 4½ |
| Overnight rate | ½-1½ |
| One month | 2⅞-3 |
| Three months | 3-3½ |

NETHERLANDS

| | |
|---|---|
| Discount rate | 4 |
| Overnight rate | 5-5⅛ |
| One month | 4¾-4⅞ |
| Three months | 4⅝-4⅞ |
| Six months | 4⅞-5⅛ |

$ CERTIFICATES OF DEPOSIT

| | |
|---|---|
| One month | 8.35-8.45 |
| Three months | 8.40-8.50 |
| Six months | 8.50-8.90 |
| One year | 8.85-9.05 |

LONG TERM EURO $

| | |
|---|---|
| Two years | 10⅛-10⅞ |
| Three years | 10⅞-11⅛ |
| Four years | 11⅛-11⅜ |
| Five years | 11⅜-12 |

SDR LINKED DEPOSITS

| | |
|---|---|
| One month | 9$\frac{5}{16}$-9$\frac{9}{16}$ |
| Three months | 9⅜-9⅝ |
| Six months | 9$\frac{9}{16}$-9$\frac{13}{16}$ |
| One year | 9$\frac{5}{16}$-9$\frac{9}{16}$ |

ECU LINKED DEPOSITS

| | |
|---|---|
| One month | 11-11¼ |
| Three months | 11$\frac{7}{16}$-11$\frac{11}{16}$ |
| Six months | 11$\frac{5}{16}$-11$\frac{9}{16}$ |
| One year | 10⅝-11⅛ |

## Authorised Units—continued

[illegible]

## Insurances—continued

[illegible]

## Offshore and Overseas—continued

Perpetual U.T. Managers (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74517
Offshore Gwth 97.6 104.1 −0.5 2.0
Schroder Mngt Services (Jersey) Ltd
PO Box 105, St Helier, Jersey. 0534 27561
Schroder Money Funds Ltd
Sterling £13.3956
U.S. Dollar US$25.1845
Deutschmark DM50.2038
Swiss Franc SF50.0518
Rothschild Asset Management (C.I.)
St Julian's Ct, St Peter Pt., Guernsey. 0481 20741
OC International Reserves Ltd
Bel Frn (Fin) BFr522.81 +0.330 10.35
Canadian $ C$35.48 +0.100 8.42
D-Mark DM49.85 +0.005 4.57
Dutch Guilder Fl49.35 +0.005 3.74
French Frs FFr147.58 +0.080 14.39
Italian Lire L34,001 +16 16.91
Japanese Yen Y5112.45 +0.860 5.63
Singapore $ S$61.365 +0.015 7.48
£ Sterling £13.728 +0.004 10.44
Swiss Francs SF45.162 +0.002 2.18
U.S. $ $28.835 +0.010 8.09
Daily dealings.
For other Rothschild Offshore Funds see Offshore and Overseas section.



## ART GALLERIES



## CLUBS



## EXHIBITIONS



## COMPANY NOTICES

BANQUE FRANCAISE DU COMMERCE EXTERIEUR
US$30,000,000 FLOATING RATE NOTES DUE 1984

In accordance with the terms and conditions of the notes, notice is hereby given that for the six-month period from February 28, 1983 to August 31, 1983, the notes will carry an interest rate of 9$\frac{11}{16}$%.

BANQUE INTERNATIONALE A LUXEMBOURG SOCIETE ANONYME.
Trustee.

## TRAVEL



# WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on February 28 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviation: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

| PLACE AND LOCAL UNIT | VALUE OF £ STERLING | PLACE AND LOCAL UNIT | VALUE OF £ STERLING | PLACE AND LOCAL UNIT | VALUE OF £ STERLING |
|---|---|---|---|---|---|
| Afghanistan .... Afghani | 99.00 | Greenland .... Danish Kroner | 15.115 | Peru .... Sol | exc(A)1,597.1 |
| Albania .... Lek | 10.12 | Granada .... E. Caribbean $ | 4.09 | Philippines .... Philippine Peso | 14.10 |
| Algeria .... Dinar | (A) 7.0680 | Guadaloupe .... Local Franc | 10.445 | Pitcairn Islands .... £ Sterling | — |
| Andorra .... French Franc | 10.445 | Guam .... U.S. $ | 1.5150 | Pitcairn Islands .... New Zealand $ | 2.10970 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupee per pound. ** Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (§) Based on gross rates against Russian rouble. †) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (3) Non-essential imports and private sector applicants.

## SECTION IV

# FINANCIAL TIMES SURVEY

# MAESTRO

## THE STORY OF AUSTIN ROVER'S NEW CHALLENGER

BL is relying on the Maestro—launched today—to revive its fortunes in the medium car market, and put the whole group on the road to prosperity. To succeed the car will have to match the Metro's success abroad and attract fleet buyers

BY KENNETH GOODING

MOTOR INDUSTRY CORRESPONDENT

TODAY BL launches its Maestro, the medium-sized car which Sir Michael Edwardes, while he was still chairman, insisted was of more importance to the group than the Metro.

However, Mr Mark Snowdon, the man responsible for marketing the Maestro, puts it in a different context. "The Metro was the key to our survival. The Maestro is the key to our prosperity.

"If we had got anything wrong at all with the Metro we would have gone over the cliff edge. If there are a few things wrong with Maestro it won't be that dramatic.

"But if we get Maestro right, it could bring us back to real prosperity."

Maestro gives Austin Rover—and therefore BL—a chance of prosperity because:

● It provides, at last, a modern product with the potential to appeal to a wide variety of customers in the medium sector of the market—which accounts for six out of ten West European new car sales and 62 per cent in Britain alone;

● It gives the group a chance to broaden its attack on Continental markets, where so far it has had to limit its attempts at revival to France and Italy;

● It will boost car output by Austin Rover substantially. At the Cowley, Oxford plant, where Maestro is assembled, output this year will go above 200,000 cars for the first time since 1972—last year the plant produced 120,000. If all goes to plan, Cowley's production should reach 220,000 in 1983. Against that, Austin Rover as a whole produced just under 370,000 cars last year;

● And it wil help restore BL's credibility by showing the Metro was no fluke and that the group has the ability to design, develop and produce popular cars at the very least up to the standard of the competition.

### Vital

Until now BL has been represented in the vital medium part of the market only by the rapidly-ageing 12-year-old Ital (called the Marina before it was reincarnated) and the Triumph Acclaim.

The Acclaim, made under licence from Honda of Japan, has only limited appeal because it is too up-market to appeal to the fleet buyers who are responsible for half of Britain's new car sales. They prefer a range to start with a basic model without too many frills.

BL's lack of punch in the medium sector last year was mainly responsible for the group missing its UK market-share target by a substantial margin. The group wanted 20 per cent but had to be content with only 18 per cent.

But if BL is to be profitable again it must do better with car sales on the Continent. After all, the group's strategy for the 1980s is to treat the EEC as its "home" market. Only that way will it remain a sizeable car business and retain an element of independence while operating from a UK base, and help to preserve a viable British components industry.

However, BL's share of the West European car market has been dropping steadily in recent years. It fell from 4.1 per cent in 1979 to only 3.5 per cent.

The group still has 800 main dealers on the Continent, 600 exclusively selling BL products, but they were finding life increasingly difficult until the Metro came along.

BL's sales on the Continent, 141,000 in 1976, were down to 108,000 by 1979 and had plummeted to only 84,000 in 1981. But the Metro transformed the group's position and last year BL's vehicle sales on the Continent bounced back by 25 per cent to 105,000.

The Metro was aimed mainly at France and Italy, markets in which the Acclaim was likely to have some appeal too. So last year BL concentrated on those markets. As a result French sales rose 39 per cent to more than 37,000 vehicles and those in Italy were up 16 per cent to 32,000, a record level. Of those totals, in France nearly 20,000 were Metros and in Italy the little car accounted for 19,000.

Mr Snowdon who is joint managing director, commercial, at Austin Rover, reckons that Maestro will enable BL to widen the attack because it is the type of car that will capture customers in the Benelux countries as well as in West Germany, Austria and Switzerland.

He admits that it will not be easy. "Britain and anything British has a poor image on the Continent. The key to doing better on the Continent is for us to develop a better dealer network and rebuild Austin Rover's reputation. We need a resurgence in our reputation as much as anything else."

Austin Rover believes that the Maestro will help do just that.

The company also says, although some of its competitors don't agree on this point, that the Maestro has potential in most of the medium car market sector which the manufacturers tend to split into two—the lower medium and the upper medium.

Mr Snowdon insists that Maestro can straddle the entire sector because, although it has compact exterior dimensions which apparently puts it up against cars like the Volkswagen Golf, it has the interior space of upper-medium cars such as the Ford Sierra.

Austin Rover has produced a five-door, front-wheel-drive hatchback which is already available in seven versions ranging from a 1.3 litre standard model to a sporting 110 mph MG 1600. The range includes, as seems essential today, a model to appeal to the owner who wants to cut his petrol bills. The 1.3 HLE economy model offers 42.2 mpg in town driving and 60.5 mpg at a steady 56 mph, according to the company.

And the company quite late in the scheme of things added a 1.6 version at the suggestion of the fleet representatives who took part in the development programme.

"The Maestro is going into a market sector where we are desperately weak and we are weak in the UK because our fleet business is so small. Our market share in Britain with Maestro depends on how it is accepted by the fleet operators." Mr Snowdon says.

And in general Maestro faces formidable competition. In the lower medium sector it meets cars such as the Ford Escort, Volkswagen Golf, the Opel Kadette/Vauxhall Astra, Fiat Ritmo/Strada, Talbot Horizon, and Renault's soon-to-be-launched R11.

In the upper medium section Maestro faces the Ford Sierra, the Opel Ascona/Vauxhall Cavalier, the VW Passat-Audi 80, the Renault R18, and Peugeot 305 among others.

But, if Maestro does reasonably well, Austin Rover should have no difficulty selling all it intends to make. Output is currently 2,300 vehicles a week and the company has built a launch-day stock of 6,000. Production rises to 2,750 a week in May.

However, Maestro is part of the "family" of vehicles, all of different shapes and sizes and —BL hopes—with their own individual identities, but sharing major components such as underbody, engines, gearboxes, and manufacturing facilities.

It would not have been worth spending £210m on Maestro alone because at 2,750 a week output it would take too long to cover the cost. However, by the end of 1984, when the van and estate versions of Maestro and its sister model with a boot, code-named LM11, are all in production alongside the hatchback, output on the Maestro-LM11 lines at Cowley will reach 5,000 vehicles a week or a respectable and economic 250,000 a year.

For the Metro BL had to spend all its money in advance of production. With Maestro and the rest of the LM family, the investment is going in progressively as production builds up. For example, only as cash from sales of the first Maestros starts to flow, will the 92 robots be installed on the body assembly lines.

Mr Harold Musgrove, chairman of Austin Rover, has other objectives, too, as production gradually increases. Output of left-hand drive Maestros for the Continent begins relatively early, in September after the summer break.

"I will not sacrifice our long-term Continental strategy by starving the markets there of Maestro to make money in the UK," he promises.

He also insists: "I would not allow Maestro to go chasing high volumes and miss starting-up on time with LM11. We owe it to our dealers and to our suppliers to bring LM11 in on time."

Certainly LM11, with its more conventional shape because of its boot, should have more appeal to the British fleet buyers who take 60 per cent of their purchases from the medium sector. The flexibility of the LM lines at Cowley will enable Austin Rover quickly to match production of various individual models with market demand.

### Flow

If for some reason the LM11 takes a big lead in sales over Maestro, the production lines will be able to take that into account without a pause in the flow.

In spite of the recent publicity given to Austin Rover's search for cheaper foreign components and the inevitability that the foreign content of the company's new cars wil rise substantially during the next few years, Mr Musgrove emphasises just how "British" the Maestro is.

Only 10 per cent of the components, measured by their cost,

CONTINUED ON PAGE VIII

CONTENTS



*Editorial production: Michael Strutt*
*Layout: Phil Hunt*

# MAESTRO II


Maestro is up against a variety of good cars

## Tough competition in a difficult market

AUSTIN ROVER hoped to get considerable mileage from the fact that Maestro is the first car in volume production to feature a voice synthesiser, a device with a disembodied voice which tells the driver politely to "belt up" and gives other warnings or advice.

However, Renault has reduced the impact considerably by announcing that a version of its new R11, to be launched one month after the Maestro, will also feature voice synthesis. Like Austin Rover, Renault is reserving the system for the top-of-the-range model only.

The likelihood is that the R11, with voice changed from French-speaking to English-speaking, will be available on the UK market before Maestro is in Continental showrooms.

This is just one example of how fast the car market is changing and the difficulty any company encounters when trying to come up with a gimmick or other advantage to give it a slight lead on its rivals.

Austin Rover claims Maestro will straddle two of the conventional car market sectors, those the industry calls "lower middle" and "upper middle." (It is not the first time this claim has been heard because Fiat reckons its new Uno does something similar, straddling the "small cars" and "lower middle" sectors.)

Since 1978 the "lower middle" sector has grown from 24.9 per cent of total West European car sales to 30.2 per cent. The "upper middle" has slipped slightly from 28.2 to 26.2 per cent.

This indicates that, if Austin Rover is right and Maestro can tackle both, it has 56 per cent of the European market in which the newcomer can compete for sales.

But the competition in these particular sectors—the two biggest because they provide "family" sized cars—is extraordinarily intense for the simple reason that all the major producers must succeed in these sectors if they are to keep up their total volume and make profits.

The R11 gives an idea of what Maestro is up against. The new Renault is a hatchback, like Maestro, and is closely related to the R9, a more conventional car because it has a boot. Renault expects the R11 to boost its share of the "lower middle" sector from about 9 to 15 per cent—and it has the dealership network throughout Europe which makes this expectation reasonable.

### Debut

Also in the lower middle sector in the autumn—just when the Maestro should be making its Continental debut—Volkswagen will launch its new Golf, not just a revised version of the old one but an entirely new shape although retaining the existing mechanical parts.

The potential for the new Golf can be judged from the fact that the old one quickly became Europe's top-selling car.

Ford will not be left out of the act. An Escort-with-a-boot, to be called the Orion, is due to appear in the autumn to strengthen the appeal of the Escort range. Orion could be just the car to hold those UK fleet customers who don't like the Sierra and might be thinking of switching from Ford to another make. They might well see the Orion as an ideal replacement, for the old, booted, Cortina.

The Peugeot group's plans are much more difficult to discover, but there are suggestions that a replacement for the Talbot Horizon is not far away.

Even without that, Peugeot puts up formidable competition to Maestro with the 305, recently so heavily revised that it is almost like a new car, and, from its Citroen stable, the new BX.

Maestro also lines up against, from Italy, the Fiat Ritmo/Strada — also recently revised. The indications are that this hatchback will be getting a boot by the turn of this year and that the three-box car will become the Fiat 131 replacement.

The industry usually considers the 131 an "upper middle" sector competitor, however. In that sector there is a major battle between General Motors (using Opel and Vauxhall badges) with its "J" car (called either the Opel Ascona or Vauxhall Cavalier), Volkswagen's Passat and Audi 80, the Ford Sierra, which has had a mixed reception but is doing well in France, one of Austin Rover's "target" markets, and Renault's R18.

In spite of intense competition, some cynics argue that BL cannot fail to do better on the Continent because it has done so badly in the recent past.

As indicated in the accompanying table, which shows sales in the five major Continental markets in which BL must make its mark if its investment programme is to pay off, the British group has been outperformed not only by its more substantial rivals but also by relatively "weak" companies such as Alfa Romeo.

Even the Japanese, constrained though they have been by various restrictions on exports to Europe, have been outselling BL. And the East European Lada, based on an old Fiat design, has been doing nearly as well.

The period reviewed by the table shows BL at its weakest. Until 1982 the group had no really new car to offer on the Continent. Then the Metro came along and perked things up considerably. Also the group had to struggle against an overvalued pound which made exporting extremely difficult for any company wishing to at least break-even on sales.

Through all the vicissitudes, BL has managed to keep a dealer network together on the Continent, essential because the group now sees the EEC as its "home" market. It sells very few cars anywhere else.

The main dealer total stands at around 800 on the Continent. The figure is the same as a few years ago but the structure has changed in that BL has certainly lost some representation in the "Germanic," Northern European countries while increasing the size of its networks in France and Italy.

In contrast, in Britain Austin Rover has been reducing the size of its network and has told between 150 and 200 of its 1,640 dealerships they are to lose the franchise. The aim is to restore the network to profitability.

The company estimates that last year half the dealerships incurred losses and 30 per cent broke even. Only one in five made any profit.

Fifteen years ago the companies which eventually formed the Austin Rover group had 40 per cent of the UK new car market and 5,000 dealers. The network has shrunk massively in the past few years, but not as fast as Austin Rover's market share—down to under 18 per cent last year.

Every time the company has cut its network in recent years it has lost volume sales. But it hopes that with the Maestro around in addition to Metro, it can actually increase sales while reducing the network.

Austin Rover estimates that by the end of 1984, when the process should be completed (every affected dealership has been given at least a year's notice) it will have 1,300 to 1,400 outlets. Those dealerships being dropped are mainly in metropolitan areas.

The reshuffle has had its unsettling aspects, however. At least one major car retail group has given as its reason for not considering an Austin Rover franchise the fact that the company "is still sorting out its network."

Austin Rover apparently hopes that this year the Maestro will account for 5 to 6 per cent of total sales.

Some fleets which were previously all-Ford, are switching to 50-50 Ford and GM cars, Maestro will have to struggle hard to elbow its wa yin as the two giants press their attention on the fleets this year.

**Kenneth Gooding**

**SALES IN THE FIVE MAJOR CONTINENTAL MARKETS**
**(Belgium, France, West Germany, Italy, Netherlands)**
000s

| | 1976 | 1978 | 1980 | 1981 | Jan-Sept 1982 |
|---|---|---|---|---|---|
| Ford | 568 | 641 | 472 | 537 | 396 |
| Opel | 670 | 731 | 606 | 557 | 470 |
| VW | 671 | 759 | 745 | 822 | 623 |
| Audi | 169 | 247 | 260 | 208 | 130 |
| BMW | 179 | 216 | 211 | 215 | 170 |
| Mercedes | 241 | 265 | 302 | 297 | 218 |
| Renault | 901 | 981 | 1,120 | 1,050 | 835 |
| Peugeot | 459 | 501 | 404 | 351 | 252 |
| Citroen | 456 | 507 | 449 | 435 | 317 |
| Chrysler/Talbot | 380 | 363 | 262 | 199 | 154 |
| Fiat | 781 | 851 | 936 | 968 | 752 |
| Alfa Romeo | 150 | 170 | 169 | 158 | 125 |
| Datsun | 67 | 70 | 108 | 91 | 71 |
| Mazda | 56 | 57 | 90 | 85 | 66 |
| Toyota | 92 | 100 | 136 | 103 | 71 |
| Lada | 38 | 41 | 35 | 45 | 44 |
| BL | 85 | 82 | 64 | 70 | 60 |

**CAR SALES IN WESTERN EUROPE***

| | 1981 | % of class | 1982† | % of class |
|---|---|---|---|---|
| Lower medium class: | | | | |
| VW Golf | 472,500 | 15.6 | 397,500 | 13.3 |
| Ford Escort | 406,100 | 13.5 | 435,500 | 14.6 |
| Opel Kadette/Vauxhall Astra | 381,500 | 12.6 | 377,852 | 12.7 |
| Fiat Ritmo/Strada | 335,900 | 11.1 | 317,500 | 10.7 |
| Renault R9 | — | | 329,000 | 11.0 |
| Upper medium class: | | | | |
| Renault R18 | 309,200 | 12.3 | 237,900 | 10.4 |
| Ford Taunus/Cortina | 300,000 | 11.9 | 259,500 | 11.3 |
| Opel Ascona/Vxhll. Cavalier | 198,400 | 7.9 | 333,500 | 14.6 |
| VW Passat | 182,500 | 7.2 | 150,500 | 6.6 |

* Excludes Greece and Portugal. † Eleven months.

**Austin Rover is building on its success with the Metro to trumpet the new car's qualities**

## High profile sell of 'an exceptional car'

MARK SNOWDON, diffident and donnish managing director of Austin-Rover'e commercial activities, is not bashful about the razzmatazz surrounding the Maestro launch.

"From Day One we have to get across the fact that we have an exceptional car. We have opted to go for a high profile—"the miracle" approach—because we believe we can back it up with the facts."

Cautious as ever, he refuses to divulge the advertising spend for the high profile television and Press campaign. But he draws the contrast with the highly-successful Metro launch just over two years ago.

Snowdon then was one of the backroom boys as product development director. The man heading the sales promotion team was Tony Ball, who left just 12 months ago to become managing director of Henly's.

"Metro mania" it was called at the time. But the campaign handled by the advertising agents, Leo Burnett, struck a chord, with the Union Jack-shrouded Metro beating off the foreign invaders from the white cliffs of Dover.

The roll-call of names to support the new small car produced by a state-owned company ranged from Shakespeare and Lord Nelson to the Duke of Wellington.

"Then it was e question for BL of survival or not," Snowdon argues. "Now it is a matter of continuing success. The emphasis is upon the real strengths of the vehicle. We do not call upon the emotions or patriotism but upon the facts."

He points to the need for BL to re-establish a reputation. "We are doing a number of things to command new respect. But however much progress you make on industrial relations and productivity, the thing that really matters is the product you offer in the market place."

To that end the Maestro, aimed at the medium sector which accounts for more than 60 per cent of all new cars sold in the UK, "has to be better than the competition. It is trite but true."

Austin-Rover had pushed ahead to introduce new technology in the model even though it involved extra cost: "Even for a car with high fuel economy, we felt the need to push into new areas and offer the customer more."

Mr Snowdon explains that the marketing strategy for the Maestro goes back 2½ years to when the company began hunting round the market research agencies to commission wide-ranging studies.

"We took the research a stage further. It is normal for car companies to look at things like population trends and attitudes to the motor vehicle. We actually went out to investigate the personality of buyers in the medium car sector."

He says customers were interviewed to see which features of the car were important, why, and how much they were prepared to pay for them.

That research aimed at designing cars to meet specific customer requirements enables Mr Snowdon to talk almost affectionately about "the personalities" of the first seven models in the Maestro range.

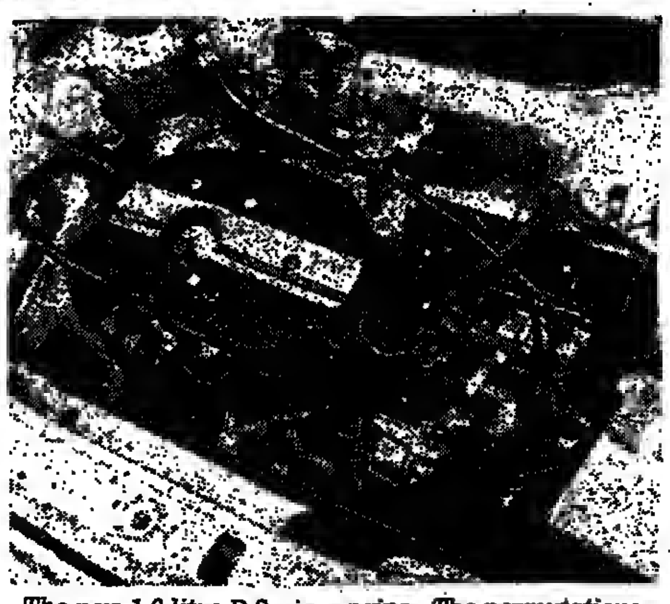
The 1.6L, for example, is directed particularly towards the fleet market, offering low running costs and large stowage capacity.

Obvious market niches exist for the sporty MG version or the Vanden Plas which comes complete with voice synthesis, trip computer and engine management system. "Experience has shown that there is e discerning group of motorists who demand attributes such as exceptional specification, refinement and comfort, while compromising nothing in terms of running costs or performance."

Though the important mid-car market is usually divided into lower and upper medium sectors, Snowdon says, the Maestro is well placed to straddle both. He believes the range will compete not just with Escort and Astra-sized vehicles but also with the Sierra and Cavalier.

Snowdon comments: "Our high-profile approach is right. It is difficult to believe but already there has been more reaction and interest than we achieved with the Metro."

**Arthur Smith**



*The new 1.6 litre R-Series engine. The permutations of specification and gearbox ratios are intended to make the most of its performance*



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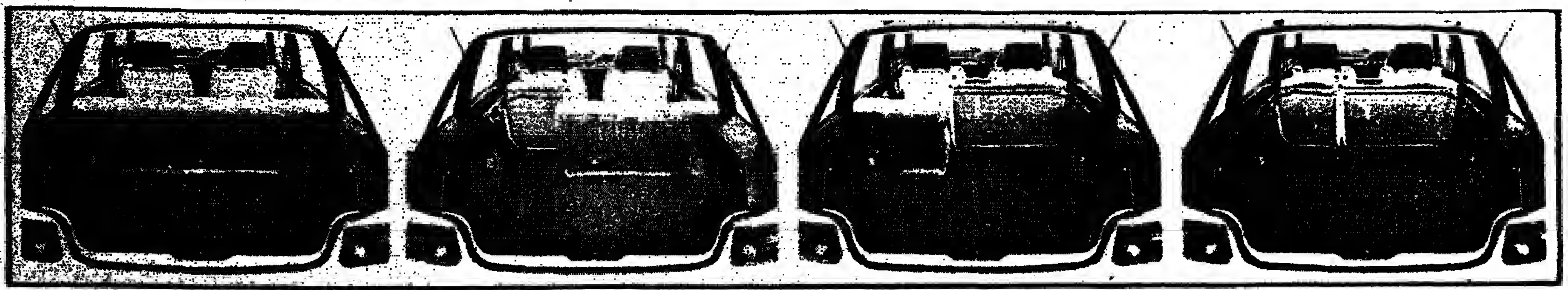


*The permutations in the Maestro's seating add to the car's adaptabi lity. The tailgate closes on to a sill only an inch above bumper height*

**Stuart Marshall** test drives several Maestro models, makes acquaintance with the voice synthesiser, and finds many features to praise

# Efficiency, performance, good handling—a car that stands out

AT A TIME when feeding the same parameters into a computer tends to produce lookalike cars, the Maestro stands out from the crowd. It is different. The glass area is exceptional, promising a light interior and unusually good visibility all round. The deep indentation running round the body at headlamp height eliminates any slab-sidedness.

The deformable front and rear body shields on all but the cheapest versions provide a clean finish and assist the good aerodynamics.

All Maestros, from the basic 1.3 to the MG and Vanden Plas, offer an excellent driving position. The doors are wide; the rear seats are easy to enter and leave with dignity and agreeably spacious to sit in. Rear light clusters intrude

> **❛ The 1.3 will find its way into the hands of cost-conscious people who buy cars with their own money. They will find it most satisfactory ❜**

slightly into the loading area but the tailgate closes on to a sill only an inch above bumper height. It's not quite an estate car surrogate, but dogs will approve.

The two engines are a further developed version of the familiar 1.3-litre A-series (as used in the Metro) and a 1.6-litre R-series, which makes its debut in the Maestro though its ancestry goes back to the Maxi. The R-series has an overhead camshaft and produces 81 bhp in the Austin versions of Maestro, 102 bhp in the MG. The smaller engine develops 68 bhp in all but the HLE, the special economy Maestro, in which output is restricted to 64 bhp.

The first Maestro I tried some weeks ago in Spain was the HLE. This has a 3+E gearbox —in effect a three-speeder with a very high overdrive top — whereas the standard 1.3 and the 1.6L have a four-speed box with conventionally spaced ratios. All the other cars have five-speed boxes with economy top gears except for the MG, which has sportingly close ratios.

All Maestros, other than the MG, have an electronic engine management system which Austin-Rover says gives the efficiency benefits of fuel injection without the cost and complication. I would think it a fair claim. Even the ultra-economical HLE — its constant 56 mph consumption is 60.5 mpg and its urban use figure an equally remarkable 42.3 mpg —starts cleanly on an automatic choke, warms up without a splutter and pulls well while doing so.

Two up, I achieved an easy 85 mph in the high third gear, at which the economy meter told me firmly I really should be in top. In fourth, the HLE is most relaxed and quiet on level ground, but a gradient makes speed drop off perceptibly. For motorway use it is fine, but I suspect the owner who fills an HLE with the family and piles a roof rack high with camping gear will spend a lot of time in third gear.

Next, I tried a 1.6 HLS, which felt considerably livelier than the HLE. For the third leg of my test drive, the climb from the coast up to Ronda, I chose the MG, which proved the ideal car. Austin-Rover say it has a top speed of 111 mph. I could not check this but the way the MG flew up the mountain road made it believable.

Unlike all the other Maestros, which are fitted with Dunlop's low rolling resistance (and thus petrol-saving) Elite tyres, the MG is on Pirelli's ultra-low profile P8. They sharpen the steering, appear to have unlimited grip on corners and were less prone to squeal than the Elites, which nevertheless suit the less potent Maestros admirably.

The MG soared up to high revolutions in the gears and felt rock solid on bends. The gearshift needed a firm hand but the faster one shifted, the better. I liked the digital speedometer but was less enthusiastic about the electronic rev counter, which was harder to read than an old-fashioned one with a needle moving round a dial.

> **❛ What really appeals to me is that one can now buy a a medium-size British car and not have to suffer for one's patriotism ❜**

The trip computer — available in many Maestros at extra cost and standard in the MG and Vanden Plas — is easily worked without diverting too much attention from the road. The 32-word voice synthesiser provides an audible back-up, giving such warnings as: "low fuel," "handbrake on," "high engine temperature" and "please fasten your seatbelt."

When I was unwise enough to drive off without first fastening my seatbelt, I thought it would say: "How many more times do I have to tell you to belt up?"

At Ronda I swapped the fastest Maestro for the slowest and cheapest — the 1.3, which will find it way into the hands of cost-conscious people who buy cars with their own money. They will find it most satisfactory. In many ways, I liked it best of all the Maestros for its simplicity of driving. The gearbox is a normal four-speeder, without a high top. The route from Ronda to La Linea is more like the traditionally terrible Spanish road, on which even the patches have patches.

The 1.3 tackled it manfully, pulling most flexibly in top gear, coping with fairly steep hills in third and riding shock-absorbently over broken surfaces. In the villages, I stayed in top down to 25 mph, from which it accelerated cleanly. I thought the gearbox matched the 1.3 engine better than the HLE's 3+E for normal, secondary road driving.

The Maestro has coil-sprung, all-independent suspension—for cost reasons, BL say — and I suspect there may be some regrets on the part of BL's old guard that the era of Hydrolastic and Hydragas is coming to an end.

I have never been enamoured of the Hydrolastic system. The most successful application of its Hydragas derivative is on the current Ambassador, which has a ride virtually in the Citroen class. But the Maestro, steel suspended from each corner, is as good as any of its obvious class rivals for comfort, handling and roadholding alike.

For the last part of the test run I drove a Vanden Plas. This has the 1.6-litre engine and a five-speed gearbox with a tall, overdriven top. The interior features polished wood door cappings and a most luxurious cloth trim, electric front windows, central locking and slide/tilt sunroof.

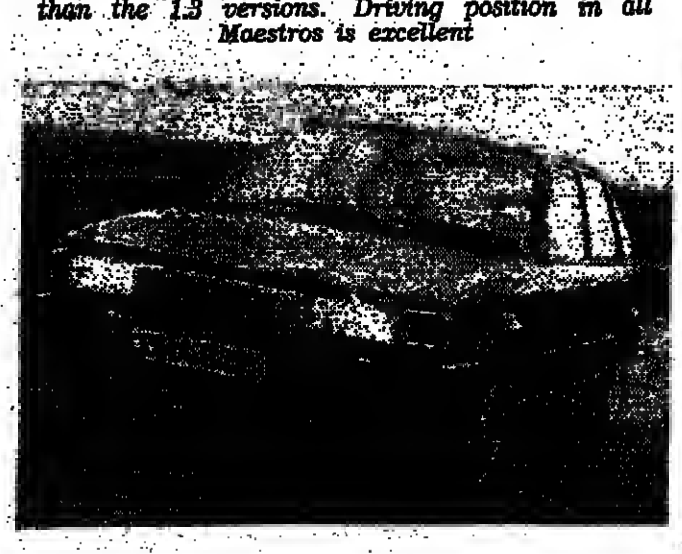
Like the MG Maestro, the Vanden Plas has the solid-state electronic instrumentation and trip computer with voice synthesiser as standard — a nice blend of traditional and high-technology. It was the quietest of all the cars. I could see it appealing to the type of owner who once bought Rovers but now finds them beyond his financial reach.

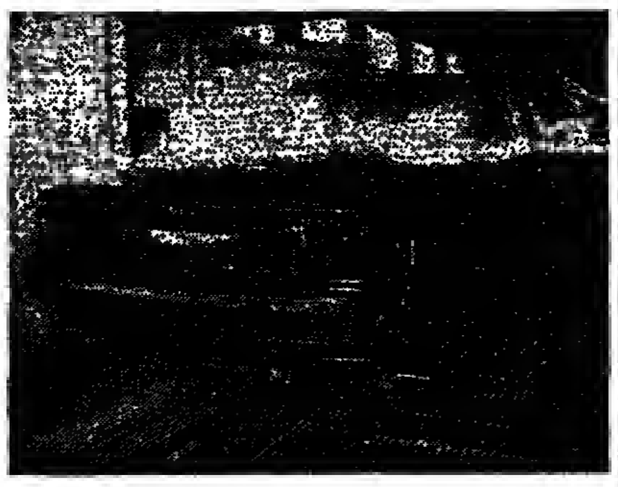
The only feature of the Maestro that in any way disappointed was the quality of the gear change. BL buy the complete transaxles — gearbox and final drive units — from Volkswagen. The linkage between gearshift and the gearbox is hardly different from that used by VW in their own cross-engined cars yet it doesn't feel as smooth in the Maestro as it does, in say, a Golf. Austin-Rover explained that the limited number of cars available for pre-launch testing had been run-in by driving them round the company's Gaydon proving ground.

Thot being so, the engines had been freed-off in a 1,000 miles but little gear changing had been necessary. They said the gearshift would improve after a few hundred miles of normal use. I am sure they are right. In any case, it is a small point.

What really appeals to me about the Maestro is that one can now buy a medium-size British car and not have to suffer for one's patriotism. It really is one of the nicest cars in its class.

*Above: The solid-state electronic instrument panel with the voice synthesiser unit to the left of the steering wheel. The digital speedometer works well but the rev counter is harder to read than the old-fashiond kind with a needle moving round a dial. Below: The 1.6 HLS, considerably livelier than the 1.3 versions. Driving position in all Maestros is excellent*





*Above: Spraying a body; final checks (centre) and, at right, dipping a bare shell before painting. Many advanced processes help to make the Cowley plant competitive with Continental factories*

The car is a showpiece of CAD-CAM technology, which has been used on a scale unprecedented for the UK

# Computer-designed from the blueprint on

COMPUTER-AIDED design and manufacturing (CAD-CAM) techniques have been used on an unprecedented scale — at least for the UK — to produce the Maestro.

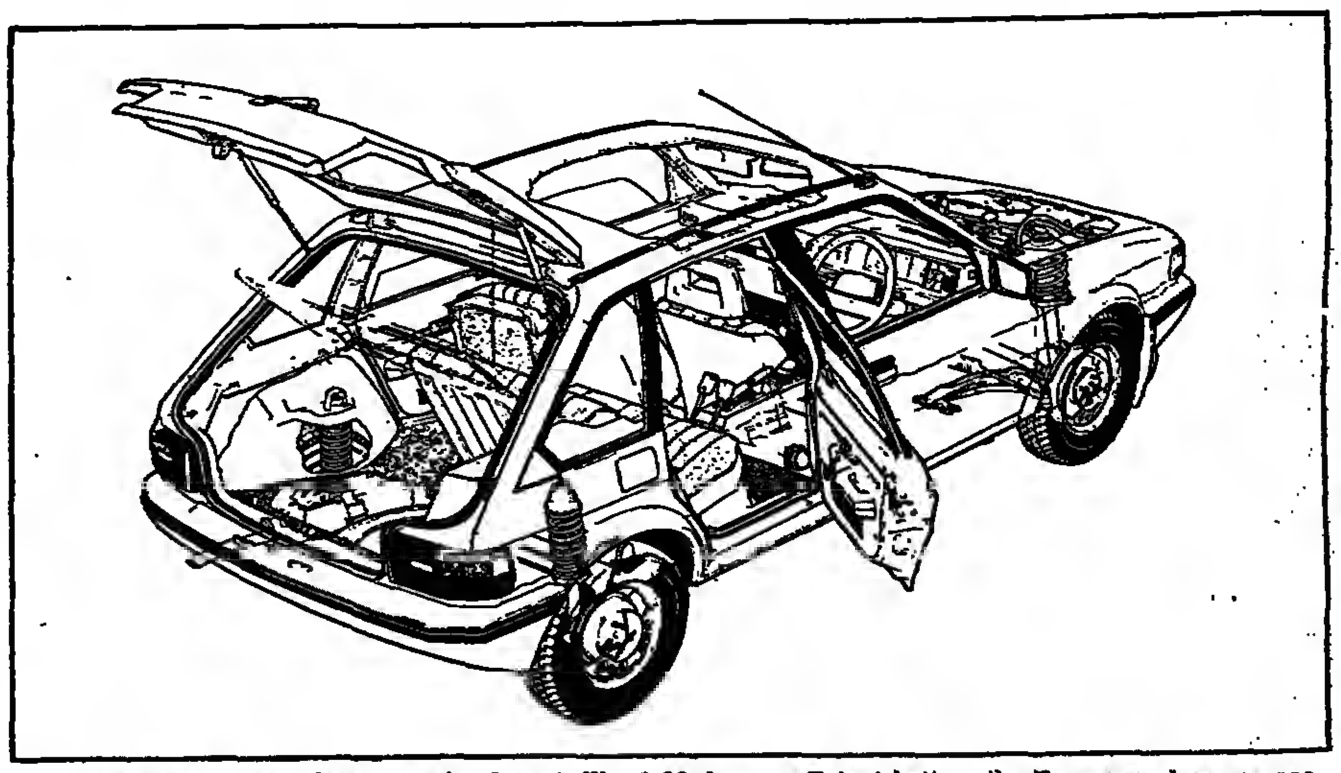
The initial design ideas were translated into complete body surface models within computers; other computer models simulated loads, stresses and other factors to confirm the vehicle's structural strength and safety — all long before the first prototype was built.

Later, however, the same master data base was used for the design of tooling and jigs.

The use of CAD-CAM techniques has become widespread in the motor industry. They were employed extensively on the Metro; but Maestro, and the derivates that will follow, represents the first time that the master database has been followed exactly for all aspects of developing and manufacturing the model.

Finite element analysis, using idealised computer representation of the body structure, was inevitably employed in arriving at the best weight/strength ratio and is similarly used in major safety-related areas such as steering and suspension systems.

Computer simulation is now possible for virtually every operating aspect of a car, including crashes, which can be simulated as taking place from any angle. So even before the actual crash testing which is part of the type approval process, Austin Rover's engineers knew that the steering column, for example, would move by only a third of the permitted maximum in the case of a frontal crash.



*Cutaway drawing shows the suspension layout. The 0.38 drag coefficient betters the European class average*

## Tools and dies

Once the design itself was completed and consigned to the master database, the tooling designers were able to use it for the 1,000 press tools and dies needed for the 300 panels in the Maestro. They could do so via 20 terminals linked to mainframe IBM computers, summoning up the master database information at need as they built up tooling designs using light pens.

In one partial form or another CAD-CAM has been used since the late 1960s, and as it has become more sophisticated so the advantages have become increasingly apparent.

Traditional requirements for numerous prototypes to be built as the design evolves have been reduced, lead times for new models cut considerably and late design changes made to meet market shifts have become possible more easily and cheaply.

In Maestro, the result is a car for which Austin Rover is claiming "world firsts" for some aspects of the technology and design.

One of them, that it is the first European built volume car to offer voice synthesis to instruct or warn the driver, only just gets in "under the wire" since in April the Renault R11 will go on sale on the Continent with the same facility.

Maestro's 32-word voice synthesiser tells the driver in, we are assured, a "calm, female voice," such things as he should fasten his seat belt or that there is a systems malfunction, or that he has left the handbrake on.

The other main "first" is the car's thermoplastic polyester bumpers. They are the first such components to be painted in situ during the overall body-painting process.

The voice synthesiser goes with solid state electronic instruments developed by Smiths Industries' Automotive Instrument Systems division. At least, it does on the Vanden Plas and MG models — both are options on the others.

The main displays use active light-emitting multi-coloured vacuum fluorescence technology, all under the control of a microprocessor.

The engine in all models is controlled by an electronic management system, for which BL claims the efficiency benefits of electronic fuel injection but with the lower cost of carburetters. It includes overrun fuel cut-off and contactbreaker-less ignition.

The result is to put the Maestro at the top of the list of currently most frugal middle-range cars, with consumption on the 1.3 HLE economy model of 60.5 mpg at 56 mph, 41.5 at 75 mph and 42.2 mpg in urban conditions.

## Electronic choke

Part of the engine management system is an electronic choke control, Included in a £17.6m-a-year package of components being supplied by Lucas Industries. The microprocessor-based system is claimed to overcome some of the traditional frustrations associated with both manual and automatic choke systems during cold start and warm up periods.

Lucas, too, is supplying the homofocal headlamps providing a claimed 35 per cent more power than conventional units, but which have been squashed into a "letter box" shape to allow the Maestro's bonnet line to be lowered for improved areodynamics.

Maestro's 0.38 drag coefficient (0.36 for the MG model) is beaten comfortably by the Sierra (0.34) but it is a smaller car, and paradoxically the smaller a car is the more difficult it is to achieve good aerodynamic figures. Nevertheless, it is still about 10 per cent better than the European class average. Like the Sierra, the Maestro has flush-fitted front and rear glass.

Adoption of the Volkswagen gearbox used in the Golf/Jetta models has allowed Austin Rover to depart from its previous practice of a gearbox in the sump. Mounted in line with the east-west engine, the VW box was a crucial element in achieving the lower bonnet line.

Maestro's smaller, 1.3 litre engine is essentially the A-plus unit used in the Metro, but which has been turned through 180 degrees to obtain the correct direction of rotation for the VW gearbox. An incidental benefit is that the ignition system is now at the rear of the engine, and so less vulnerable to malfunction caused by road spray.

A higher compression ratio and better breathing have also increased its power and torque by more than 10 per cent, with smaller increase on the high-economy HLE version. The larger, 1.6 litre engine has been developed from the 'E' series engine used in the Maxi.

Austin Rover has steered clear of fuel injection for its highest performance MG model, and instead uses two twin-choke downdraught Weber carburetters, without which in the 1960s and 70s no aspiring member of the sporting brigade could be regarded as serious. It is certainly a cheaper high-performance option than fuel injection, but has tended to be a thirsty one. However, the MG emerges quite well, with urban consumption of 29 mpg, 47.5 mpg at 56 mph and 33.8 at 75 mph.

With a 12,000 miles service interval, Austin claims a total servicing cost, including parts and labour, of just over £200 over 50,000 miles. The low cost is attributed in part to the contact-breaker-less ignition and to the use of asbestos-free, semi-metallic brake pads and linings.

Meanwhile, Austin Rover specifically claims to have made any need for after-market rust-proofing redundant, with features like injected box mouldings and plastic wheel-arch liners.

Before committing itself to the final Maestro design, Austin Rover presented the initial vehicles for assessment by 3,500 prospective buyers in the UK, France, Holland and Germany.

The end result is a car which Austin Rover believes does not fit into any one specific sector of the medium car market. It believes Maestro is capable of capturing sales in both the Ford Escort/Vauxhall Astra and larger Sierra/Vauxhall Cavalier sectors. In other words, that it can cover about 60 per cent of the total market.

Yet technically advanced as Maestro is, it falls a long way short of another BL car, in specification and manufacturing terms, unveiled in December.

## Reduced drag

That was the ECV 3, produced by BL Technology. A full five-seater, it is powered by a three-cylinder engine of only 1.1 litres, yet can accelerate to 60 mph in less than 11 seconds, reach 115 mph yet record 81 mpg at 56 mph. It weighs only 1,464 lbs and has aerodynamic drag only two-thirds the current norm.

This car is not intended for production. But it does point the way to what BL believes will be the car of the 1990s. Most important, its body consists of a metal skeleton with plastic panels. And that means, according to Harold Musgrove, Austin Rover chairman, "a complete rethink of the way we produce cars.

"The implications for manufacturing are immense. We are an industry whose accumulated expertise lies in the pressing and welding of sheet metal. But ECV 3-type cars "will render much of that experience obsolete, for the plastic car will demand new technologies and new processes."

**John Griffiths**

PROFILE: HAROLD MUSGROVE — AUSTIN ROVER CHAIRMAN AND CHIEF EXECUTIVE

# Forceful style of restless leader

Harold Musgrove: good for morale

BL's best-selling Metro was the making of Harold Musgrove, chairman and chief executive of Austin Rover. Recruited by Sir Michael Edwardes in 1978 from the Leyland truck operation where he was a general manager, he was the man who pushed through the £240m project.

Promotion was rapid. On the wall of the chairman's suite at Austin Rover's Coventry headquarters are pictures of the Longbridge plant before and after the erection of the new buildings that house the robots.

Fellow directors and workers alike are familiar with Mr Musgrove's forceful style. He looks you full in the eye and talks in clipped, staccato sentences. You know when he is going to be rude because he smiles slightly and stresses the Mr with exaggerated politeness.

Mr Musgrove is a BL man. He joined the old Austin Motor Company at the age of 15, just after the 1939-45 war, to work as an apprentice in the Longbridge toolroom.

Another schoolboy recruit in the South Works was Derek Robinson, who went on to be come the Longbridge convenor and one of the most powerful shop stewards in the country — then was sacked in the Edwardes era.

Mr Musgrove almost relaxes to contrast the Metro and Maestro projects. He tends to sit on the edge of chairs or pace around the room; he chain smokes small cigars. "Metro was a case of fighting for survival. I told people 'do that' and they did it. On Maestro there has been the chance to let people bounce ideas around."

Last summer saw Mr Musgrove firmly behind the wheel of pre-production Maestros, driving through the Warwickshire countryside under cover of darkness, to find out first hand exactly how they went. Says one director: "The aim was to learn everything about the car, the position of every screw, the cause of every squeak."

The same person says: "We all contributed something. But the driving force was the chairman — that he was always present was both good for morale and kept the pressure on everyone."

Mr Musgrove chaired the "de-briefing" sessions back at the Gaydon testing ground, questioning his fellow directors on what they thought of their drives in Maestro and competing cars such as the Astra, Escort and Golf.

Did they relax over a drink? "No, it was all salads, hot coffee and thick anoraks—often into the middle of the night."

ARTHUR SMITH

**Arthur Smith** reports on concern that companies will be forced to close factories

# Tough stance adopted on components

BRITAIN'S once prosperous but now troubled motor components suppliers, faced with the precipitate decline of the domestic vehicle assembly industry, desperately need volume production. The scale of orders is all-important in an industry that devours research and development capital and investment in new manufacturing methods at an alarming rate.

For the multinationals such as GKN and Lucas, development could result in transnational link-ups. Given the spare capacity throughout Europe, the major groups will inevitably be talking one with another, looking for profitable deals whereby resources can be pooled to attack previously separate markets on a co-ordinated basis.

This latest and fundamental period of change through which the UK components sector is now passing will undoubtedly pose questions for the Government. How will Ministers respond to the idea that one of the UK multinationals might shut down domestic manufacture of one product and supply the home market from its factories on the Continent? Will they accept that such a move may be a necessary trade-off in order to justify the UK company achieving the economies of scale on a different product to be exported to Common Market countries?

## Bravery

Such considerations will require political bravery not only in beating off the protests of militant shop stewards but also in meeting the possible demands for Government support for the consequent heavy investment programmes.

Austin Rover, the volume car group of BL — even with its production levels much reduced from those of a decade ago — remains an important factor in the calculations of suppliers. It should not be forgotten that many component companies have perished over the past couple of years as Austin Rover has chopped the total number of suppliers by almost a half to around 800.

Companies have fallen by the wayside as Austin Rover has forced through its single-sourcing policy. Union power, which not surprisingly has declined along with Austin Rover's production schedules, makes it possible for the company to gamble on the security of a sole supplier.

Mr Harold Musgrove, the tough-talking chairman of Austin Rover, maintains that the fact that the price paid for bought-in raw materials over the past two years has gone up by less than 1 per cent is not good enough. "I am looking for reductions," he insists.

*Fitting a thermoplastic bumper, developed in cooperation with Bayer. The material can resist temperatures up to 140° C during the paint and baking process*

Though the volumes promised on Maestro and its conventional booted version, the LM11—due within 12 months—may be welcome, they do little more than compensate for the decline of BL's vehicle-build in that sector over recent years.

Gaining a share of that action none the less remains important for a components sector squeezed by a slump in commercial vehicles sales, recession in tractors and an upsurge in foreign car imports which feeds through to create dwindling demand in the spares market.

With its purchasing power, Austin Rover suddenly finds itself in a strategic position. Where it places its orders should give a company the volume base from which to spring off into export markets. But at a time when there is need for research and development into new products those orders also produce the justification for Government finance under the new technology schemes.

Unwittingly or otherwise Austin Rover finds itself central to any Government view about the future of the motor components industry. The Department of Industry, in line with the Government's non-interventionist policy, does not claim to "monitor" the activities of the big suppliers. But it does talk to them "on a regular basis."

The Government faces a problem. There are many claims from the components sector for state assistance under the new technology schemes but there is no obvious mechanism for deciding priorities and allocating limited resources.

The position is the more acute given Austin Rover's declared policy of switching orders overseas unless UK suppliers can remain competitive on both price and technology. BL's corporate plan is thought to indicate that the volume car operation might be purchasing up to 30 per cent of its requirements overseas by the end of this year compared with less than 20 per cent last year.

Other Common Market countries are likely to be the main beneficiaries of BL's purchasing policy, which on the more pessimistic projections could see more than 40 per cent of components being imported over the next four years.

Mr Musgrove argues that it is entirely the fault of the components industry if Austin Rover buys abroad. Some suppliers had co-operated with the company to improve quality, reliability and price; others had not.

Mr Musgrove is aware of the danger of losing strategically important suppliers. "We are looking not to short-term gain but to the long-term. If a key supplier can prove to us his viability and that he is putting his house in order to meet international prices, we are likely to stay with him."

Whatever the merits of the BL case the components industry has sounded a clear warning to the company and the Government that any significant move by Austin Rover to source supply overseas will lead companies to pull out of particular products and close factories.

## Dependence

Because of the much publicised problems of BL in recent years suppliers have tried to reduce dependence on the company and find alternative markets. Though BL on average may represent no more than perhaps 15 per cent of turnover for many companies, that marginal business can determine whether or not a particular product or factory remains viable.

The problem of suppliers heavily dependent on Austin Rover is illustrated by Dunlop Engineering, at Coventry, which only recently won the 12-month contract as sole supplier of steel wheels to Austin Rover. The factory, which has 650 workers, is also the main source of car wheels for Vauxhall and Talbot.

Dunlop, however, realises that new investment will be necessary in order to compete with the highly automated factories of France and West Germany. Government support is being sought for investment of around £5m.

The Maestro provides many examples of how Austin Rover has worked closely with its suppliers to ensure the introduction of new technology.

Birmid Qualcast, whose foundries have won orders worth £2.2m a year on the Maestro, points to its work with Austin Rover engineers in developing a manifold for the 1.6-litre engine which is 30 per cent lighter than previously. Another important factor in gaining the orders, according to Birmid, is the investment that has taken place to modernise foundries and raise productivity.

Similarly, Metal Castings, a Worcester-based engineering company supplying a range of aluminium and zinc diecast components, first introduced robots into its factory more than a decade ago. The company claims subsequent investment in robotics and microprocessor technology has enabled it to win orders not only on the Maestro but also on Ford's Sierra.

Quinton Hazell, the Burmah subsidiary which is an important supplier of replacement parts, has won one of its first big UK orders for original equipment by gaining the contract for the water pump on the Maestro. "Technology and price" were the deciding factors, the company says.

BL's in-house technology has meant some of the contracts going to subsidiaries. For example, Oxford Exhaust Systems, part of SU Butec, will supply exhausts which it claims will be much lighter than normal and will have an exceptionally low power loss in order to reduce fuel consumption.

Much of the painful shakeout which the components sector has suffered over the last three years of recession has been the result of falling demand. Many companies have cut capacity by up to 40 per cent. But there has also been an important drive to implement new work practices and lift productivity.

One such example is provided by Kangol Magnet, which employs 420 people in Carlisle and supplies nearly all Austin Rover's seat belts. The company claims to have pushed up productivity by nearly 70 per cent in two years — a period during which the direct workforce was halved but output rose by 12.5 per cent.

Other examples can be found in a sector which has cut and cut again in order to become competitive in international markets. The much hoped for upturn in demand remains elusive, however, Maestro and its derivatives will help but there is still excess capacity and further restructuring can be expected over the next 12 months.

# MAESTRO VI

Much of the money invested in the car is being spent on the latest automated equipment, to allow flexible production

## Reaping the benefits of new technology

THE £210M Austin Rover is spending to produce the Maestro takes the company far down the road pioneered by Japanese manufacturers, who for the past two years at least have been able to build widely different models at will on the same production line.

At Toyo Kogyo's Hiroshima plant, for example, flexible manufacturing systems allow a small front-wheel-drive hatchback to be followed down the line by a front-engine sports car, a large, rear-wheel-drive saloon and so on.

The requirements of Austin Rover's Cowley assembly plant — where £147m of the total is being spent — do not extend quite that far. But the whole concept behind the plant is that it should be able to produce not just the Maestro and the LM 11 three-box saloon to be launched early next year, but a number of other LM variants to follow later.

Thus, for example, the automatic body-framing station — at which most of the car body is welded together—can change a set of tools for a new body shape in 15 seconds and can cope with up to four body shapes. When, later this year, the manual workers currently making the remaining spot welds are replaced by 14 programmable robots, those robots will be able to identify and weld up to five body shapes.

And in best Japanese fashion, programmable controllers — 11 now, 32 by the end of the year — when linked to a central minicomputer, will deliver precisely the right parts for a given model or variant to the correct assembly point at the correct time to optimise efficiency and reduce parts inventories. So for most components, just 20 minutes of buffer stocks will be kept, with 1½-2 hours for main underframes.

### Phased-in

About half the £147m is being spent on new body assembly facilities—some £32m of it on robotics and automated multi-welders in Cowley's body assembly and paint plants. This equipment is being phased in over a 12-month period, and will be completely installed by the time LM 11 starts volume production.

A 390,000 sq ft area of the body plant has already been re-equipped, and by just before LM 11's launch the number of pure robots in the body plant will have reached 92 and the total number at Cowley 116.

The pay-off from the investment will come not just in the form of building several models on the same facilities. It will allow Austin Rover to vary the model mix rapidly in response to changes in market demand, and allow facelifts or other body modifications to be accommodated without major re-tooling costs.

By the end of the year Cowley's robot population will be virtually equal to that installed by Ford at Dagenham for Sierra production. As with the Cowley plant, Dagenham's new facilities are mainly required for the Sierra—but are also capable of handling a variety of cars in the longer term.

Only two non-UK companies figure prominently in the list of suppliers of machine tools and other manufacturing equipment: Comau, the robot manufacturing and development arm of Fiat, and Sciaky of France, whose automatic body framing station is being used. (A second is to be installed later this year.)

Thus Austin Rover says that 80 per cent of the value of contracts for robots and multi-welders has been placed with UK companies.

Prominent among them is British Federal, which designed and built the assembly line for the Maestro's underframes incorporating eight programmable robot welders and a main multi-welder. It is capable of handling four rear floors, two main floors and two front ends. It is this underframe which, tagged to side and roof panels, moves on to the Sciaky body framing station, which checks a range of critical dimensions before welding it.

Austin Rover says it chose the Sciaky "roboflex" system over the rather better known Fiat "robogate" on the basis that it provided higher volume capability for lower investment cost.

Austin Rover, indeed, has been able to rely heavily on UK suppliers in most areas of manufacturing installation: a Babcock International subsidiary based at Milton Keynes, for example, provided the 900-metre long transport and storage conveyor systems in the paint plant with a flow of 120 side panels per hour and a second system moving main underframe panels in the assembly plant. An £800,000 extension to the paint plant line is due to be installed by Fata by mid-November.

### Declared

Altogether, Austin Rover says that UK manufacturers are responsible for 96 per cent of the value of all manufacturing facilities. When taken with Austin Rover's acknowledgement that 90 per cent of the value of the Maestro's components are also UK-sourced, the figures indicate that Austin Rover's declared intent to buy abroad if it can do so more cheaply and effectively remains — for the moment — more of a threat to UK industry than an actuality.

The £11m spent on the Cowley paint shop is aimed at achieving a 90 per cent first-time "OK" rate—which, claims Austin Rover, is far better than the performance achieved by *other* European car makers. Austin Rover maintains that the European average is only about 55 to 60 per cent.

It is in the paint shop that Austin Rover is claiming a world production "first," in that the Maestro's thermoplastic polyester bumpers are the first body-shell components of their type to be painted "in situ" with the rest of the car.

Austin Rover says its engineers spent 18 months solving the major technical problem of thermal expansion in the bumpers caused by their being subjected to 135 deg. C temperatures in the paint ovens.

The painted shells are transferred automatically to a body store with a capacity of 150 units for feeding on to the 2,600 ft-long final assembly and trim line. When fully trimmed, the bodies are taken on to the final stage of the line for subjection to Austin Rover's still unique "sniffer" test for leaks.

This involves the injection of an air-helium mixture under pressure into the body interior, after which sensors sweep the car "sniffing" for leaks. The system was first used on the Triumph Acclaim and has been refined for LM 10 to be programmable for a variety of body shapes.

Bodies are finally mated with engines/transmissions and other sub-assemblies raised from a carousel conveyor, before moving on to final computerised rolling road and electrical test systems.

Apart from the hardware, a new "zonal" shopfloor management system is also an innovation for Austin Rover. Each supervisor has total responsibility for his own zone and is backed by a team of engineering specialists. The whole idea is for quality checks to be carried out at every stage—and not have end-of-line inspectors sending back rejects.

Outside of Cowley, some £13m has been invested in Longbridge—on the extensive retooling needed to build Maestro's R and A-plus engines. At the Drews Lane, Birmingham, components plant, £10m has gone on such items as machine tooling using latest cutting technology and expanded use of TV-based image analysis inspection of components.

That particular piece of jargon means that, using a TV camera, safety-critical items such as brake discs can be inspected for flaws as little as two-millionths of an inch across.

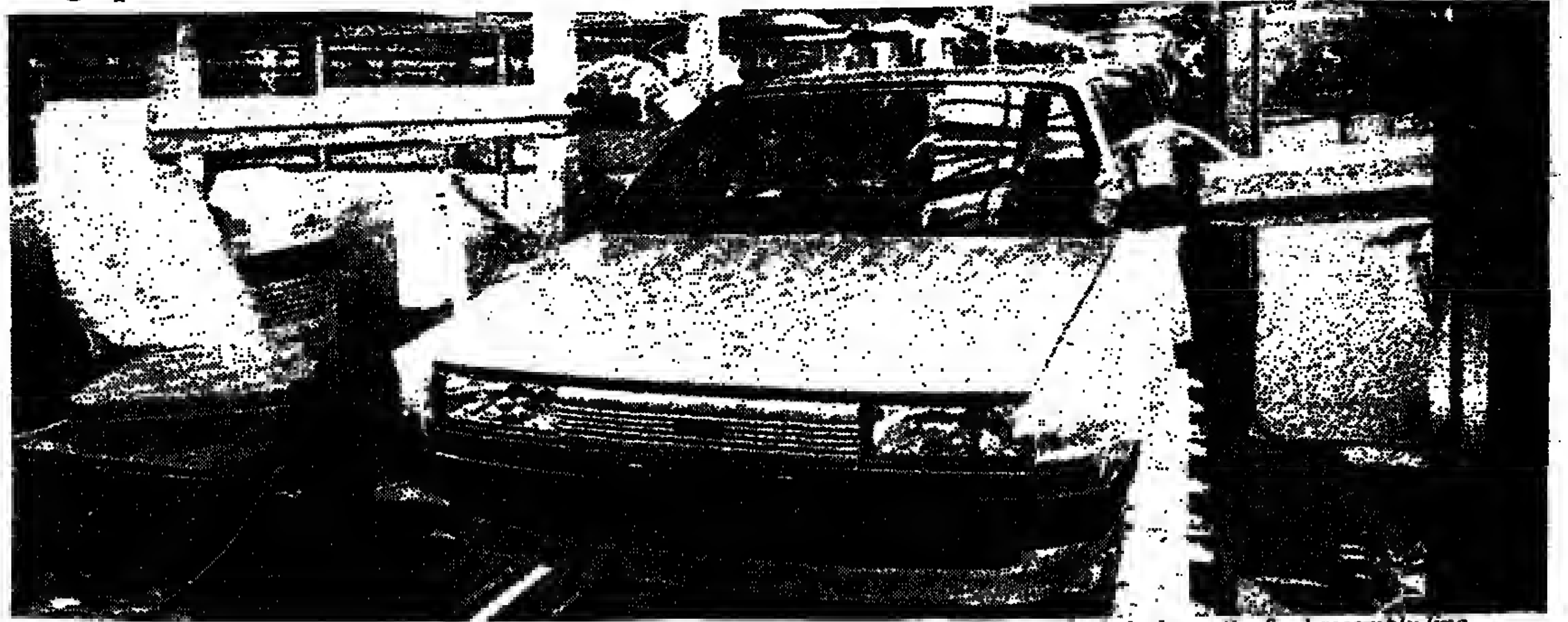
Swindon, Austin Rover's presswork centre—where 200 new Maestro-related jobs have been created—has accounted for £21m of the investment, with a smaller sum going to Erdington (£¾m), BL's fuel systems plant responsible for Maestro's electronic engine management system.

Out of all this, Austin Rover has set, and already exceeded, an efficiency target of 95 per cent of the effective line rate measured over a full year (planned output is 5,500 a week). Such figures are comparable with Japanese levels, and have also been exceeded at the Longbridge Metro plant.

When investment is complete, manning levels will be equivalent to the Metro plant in terms of output. It will take 5¼ man-hours to produce a Maestro bodyshell—again up to Japanese levels. And Cowley should be at least as efficient as Longbridge in producing a complete car: it takes just over 30 man-hours to produce a Metro. The Japanese average is about 28.

The gap is still there. But if all goes exactly as Austin Rover plans, it will have been narrowed substantially.

**John Griffiths**



*The company claims a manufacturing breakthrough with its robot sensors which check for body leaks on the final assembly line*

**WHERE THE £210m IS BEING SPENT**

| | £m |
|---|---|
| **Cowley, Oxford:** | |
| Robots and automation for body-in-white facilities | 21 |
| Paint plant robotics | 11 |
| Other | 115 |
| Total Cowley | 147 |
| Longbridge, Birmingham, engines | 13 |
| Drews Lane, Birmingham, components | 10 |
| Erdington, Birmingham, machine tools | 0.74 |
| Foundries | 1 |
| Swindon body panel pressing | 21 |
| Design, development, engineering, etc | 17.26 |



PROFILE: MARK SNOWDON — MANAGING DIRECTOR, COMMERCIAL

## Whizzkid who stayed

MARK SNOWDON on most definitions must be a whizkid. Still in his thirties, he has held a string of top jobs in BL and now finds himself Managing Director, Commercial, of Austin Rover. His responsibilities cover sales and marketing, product planning, all overseas companies, future business strategy and collaborative arrangements.

"Fairly absorbing," is how with bland but characteristic understatement he describes the job. He presents a stark contrast from the assertive, larger-than-life management style so apparent in the volume cars division in recent years.

Mr Snowdon has the retiring manner of a backroom boy. From grammar school in the North East he did an engineering degree at London before spending five years on product planning and marketing with Ford. After a Masters degree at the London Business School he joined the BL corporate staff less than 10 years ago.

He confesses that during "the difficult years" when Leyland was suffering and getting a bad Press there were other offers and he was tempted to leave.

"It is difficult not to sound trite, but a lot of us felt there was something worth fighting for here. We are not just a company but an industry with hundreds of suppliers and thousands of workers dependent upon our performance."

Mr Snowdon has the lean look of a serious squash player, and lists that sport as a hobby, along with music and cricket. But when he finds time to pursue these activities he finds difficult to explain. Married but with no children, he works long hours and spends nearly two months of the year overseas.

"The only chance I get to chat with colleagues is usually in the evenings because we are so busy during the day." Did they meet at a local pub? "Oh, no, we are abstemious. This is a dry plant. The most we run to is a take-away from the local Chinese."

**ARTHUR SMITH**

Mark Snowdon: industry worth fighting for





**Collaboration to build the new XX car in 1985 is at an advanced stage**

## BL-Honda agreement will halve costs

LATER THIS month BL and Honda are expected to sign the final agreement committing them to jointly develop and produce a new executive car—which for BL will replace the Rover—in 1985.

The agreement is little more than a formality. The two medium-sized (in world terms) manufacturers have been working on project XX for well over a year. They are already at what Peter Snowdon, Austin Rover joint managing director, calls the "nitty gritty" stage—deciding precisely what each company will do, and how.

The co-operation extends far beyond that employed on the Triumph Acclaim, launched by Austin Rover at the end of 1981. The Acclaim is basically a Honda Ballade, assembled under licence (although the better use that BL made of its interior space led to changes on Honda's own Ballade lines in Japan).

The XX is being jointly engineered and developed from the ground up, although it may use a stretched version of the Maestro's floorpan. Austin Rover will make in the UK both its own and the Honda version. Honda will do the same for Austin Rover in Japan.

There are a number of very good reasons for the collaboration:

For both companies the cost of bringing an expensive new model to the market is halved.

Jointly made and developed components on cars that will be sold throughout Europe, Japan, the Far East and North America mean that BL and Honda should achieve maximum economies of scale in the "world car" sense;

For Honda, the fact that its version will be made in the UK means that sales in Europe will not be subject to the restrictions currently applied to direct Japanese imports—which, for example, prevent Japan from taking more than 3 per cent of the market in France and 11 per cent in the UK.

At the same time, the important Japanese and Asian markets should be opened up to a greater extent to BL.

The XX will not be a full "world car" in the way that, say, General Motors' J-car (Cavalier in the UK) has its major components such as basic engines and gearboxes made at various high-volume centres scattered throughout the world and brought together at a number of assembly centres. But the Anglo-Japanese venture does intend to utilise some of the concept's better aspects.

### Disappointment

To some extent, "world cars" so far have proved a disappointment. While the North American version of the Ford Escort, for example, looks very similar to the European version, the number of common components has proved disappointingly low.

BL and Honda intend to make a type of "world car" in reverse:

The BL and Honda versions will be very different visually, with virtually no body panels in common. But under the skin it is intended that the degree of commonality will be very high, although to what extent this will apply to the two most expensive components, engines and gearboxes, remains unknown.

The reason Austin Rover has used a Volkswagen gearbox on the Maestro, for example, is that, according to Harold Musgrove, Austin Rover chairman: "We didn't want to risk £100m on a new gearbox when changes can take place so fast and we might not have time to get our money back." That was an implicit reference to constantly-variable transmissions, now the subject of much development, which if introduced are likely to create a near-revolution in both gearbox manufacture and driving habits.

Despite this, Mr Musgrove makes it clear that Austin Rover has every intention of retaining its ability to design, develop and manufacture all key components of a car, even if that ability is used selectively. Thus it can be expected that one of the engineering problems of XX has been to allow it to accommodate both Honda and Austin Rover engines, probably including a version of one of Austin Rover's other collaborative projects — the direct injection diesel engines it is jointly developing with Perkins.

BL and Perkins are expected to sign supply contracts for such engines soon. Based on BL's two-litre "O" series unit currently used in the Ital, Ambassador and Rover 2000 models, they are to be produced in normally aspirated and turbo-charged versions and are expected to be the first direct injection units to go into mass production.

A version is to be used in the Maestro and its derivatives.

Just like the XX project, Austin Rover would have been very hard pressed, in terms of both cash and engineering resources, to develop such a unit on its own. And their cost of production will be much

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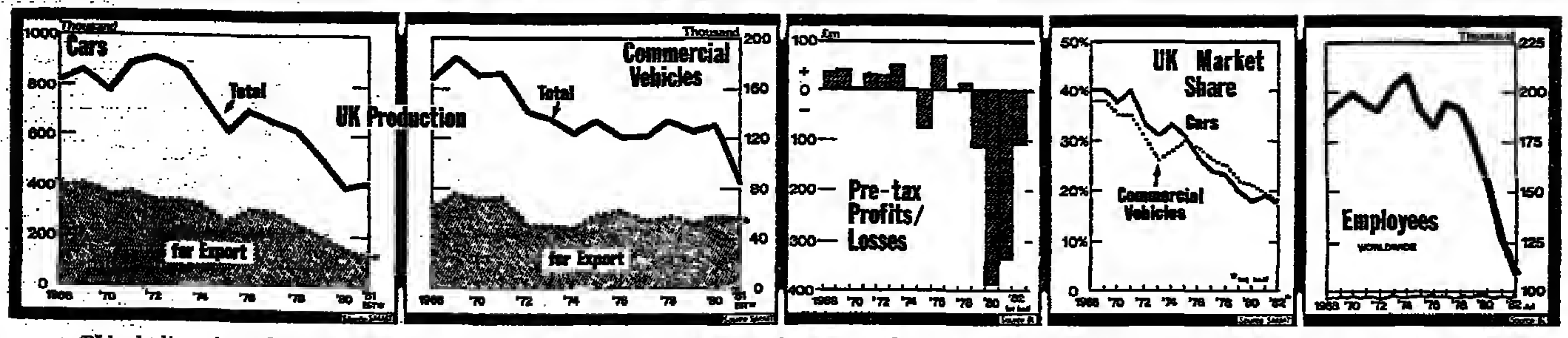
# MAESTRO VII




*BL's decline since the late 1960s is shown by these charts. The size and scope of the group's problems are clearly illustrated. If the Maestro is reasonably successful it should help turn most of the lines on the graphs to an upward direction, or at least stop the rot*

**Arthur Smith** assesses the changes in philosophy made by the management

# Painful progress in productivity league

DRAMATIC productivity advances have been made in the Austin Rover group, and at Cowley in particular. But it could hardly have been otherwise in a struggling cars operation that has almost halved its workforce to 40,000 in just four years against a background of surging inflation and rocketing unemployment—even in prosperous Oxford.

However, one view is that a price has had to be paid on the shopfloor.

Mr David Buckle, articulate Labour moderate and long-standing Oxford district secretary of the Transport and General Workers' Union, is bitter: "In just three years this management has wiped away the advances made by organised labour over the last 40 years."

He argues that workers' morale is low and there is "intimidation" of shop stewards. His own union, the biggest in the company, now has a serious shortfall in stewards because, he says, people are reluctant to take on the job: "There is constant harassment of people on the shopfloor. They are fed-up with being harangued by foremen and supervisors."

Of particular concern to Mr Buckle is the abandonment of moves, initiated by the previous Labour government, towards worker participation: "I don't believe that once a worker hangs up his coat he also hangs up his democratic rights."

The present management insists that it is prepared to consult but makes no apology for taking a hard line. Mr Geoffrey Armstrong, employee relations director, says: "We try to incorporate the views of workers but we are not prepared to compromise on what is right and to enter into shabby deals. As management and workers, we have to face up to the fact we are competing in an international market place against fierce competition."

The basis of Austin Rover's management philosophy is very simple, Mr Armstrong maintains. "What we are doing may be a bit alien to British manufacturing industry. We are merely clarifying who is responsible for what, and holding those people responsible."

Such a policy, according to Mr Harold Musgrove, Austin Rover's chairman, has moved his company "in four short years from a position as backmarker in the European productivity league to one where it is now challenging the front runners."

Mr Musgrove concedes that the number of cars assembled per employee a year might be a fairly crude measurement, but suggests it is "a valid guide" to Austin Rover's productivity performance. In 1979 output was 5.9 cars per employee, rising to 6.2 the following year and 8.1 in 1981.

The trend accelerated last year to 10.1 cars and Mr Musgrove maintains that the volumes provided by the Maestro launch will give the figure yet another boost. "You can therefore expect to see us move further and further up the European productivity league," he says.

## Contrast

Mr Musgrove points in particular to the speed at which assembly of the Maestro has been built up—a "performance which some of our competitors must envy."

He draws the contrast with the use by European manufacturers of "guest workers" who, because of their poor background, might be seen as "acquiescent and docile." But the very "skills, energies and sophistication of our employees is an advantage not a handicap," Mr Musgrove says.

For the trade union leaders the key issue is the extent to which Mr Musgrove's words could indicate a change in attitude by management. He has talked of Austin Rover's reputation for successful "crisis management forged during a period of tremendous change." The new requirement was for "the management of success.

"Our style will change, but not our determination or our professionalism," he said.

Mr Musgrove points out that "a fundamental aspect" of the company's success is its "sensitivity and responsiveness to the needs of the men and women who work in our factories and our offices."

In the economic climate of the past few years workers have given up the work practices of a generation. The much-vaunted concept of "mutuality" whereby management could not make changes without gaining the support of shop stewards has gone. There is flexibility between trades and in the use of labour.

For the shop stewards the immediate need is to consolidate and begin to re-establish credibility after the maulings and reverses suffered in recent years—both at the hands of a determined management and a workforce fearful for their jobs.

The Austin Rover labour force at Cowley, at about 12,000, has been cut by up to 30 per cent. Even the recruitment of 1,100 workers in recent weeks to build up production of the Maestro—unlike intakes in the industry in previous years—was phased and employees were selected with care.

Mr Andy Barr, Austin Rover managing director responsible for production, says that for the Maestro a new concept of "zone" management has been developed to strengthen the role and responsibility of the foreman.

Each foreman has a "zone of control" organised as a self-sufficient unit totally under his management. He is equally accountable for both output and quality within that area.

In the Maestro trim and final assembly areas, for example, operators are split into 15 zones, each with perhaps 10 work stations. The zone foreman, with about 25 people under his control, is supported by a team of specialists including process and quality engineers, a time-and-motion study expert, and stores supervisor.

Mr Barr says individual operations begin and end within a single zone. The trimming of a door, for example, could not become the shared responsibility of two supervisors.

"Another important innovation on Maestro," he says, "is the concept of overchecks," in which workers are responsible for checking that previous jobs have been done correctly.

The foreman has "zone-check rectifiers" reporting to him and carries out his own quality audit on five vehicles chosen at random each day.

## Faults rectified

Many of the cars are again tested as they come off the final assembly line. Faults are returned to the relevant supervisor who must rectify them and prevent them happening again. Such a rigorous system of checks inevitably puts pressure on the foreman, but underscores his new authority under the changed management methods.

"The right of management to manage" and deal directly with the workforce rather than through the shop stewards is one of the legacies left by Sir Michael Edwardes in his short but turbulent period as chairman of BL.

Under his chairmanship, line management—the men responsible for making the cars—has assumed full control. The role of the industrial relations specialist has declined. Dealing with the workers and their problems is handled more immediately and at a lower management level.

The fact that Austin Rover was able to push through a two-year wage deal last November puts arguments about pay into the background and enables the company to plan future costs with greater certainty.

The most likely cause of friction at Cowley over the coming weeks will be the issue of audited plant status: before workers can qualify for higher levels of bonus under the company's self-financing productivity scheme, work study engineers must again evaluate manning levels.

But Mr Musgrove exudes confidence for the future. "With a workforce taught and encouraged to think for themselves and to question tradition and convention, there will always be times when disagreements arise, but those occasions are becoming fewer and fewer."

To illustrate the point, he cites 1982 as a year when Austin Rover was "99.5 per cent dispute-free.

"I am confident, utterly confident, that the combination of technology and intelligent, skilled and motivated workforce will prove to be a winning formula for this company," he says.

**PROFILE: ANDY BARR — MANAGING DIRECTOR, OPERATIONS**

# An assertive hardliner

ANDY BARR, a tough-talking, wiry Scotsman, is not noted for his sophistication in dealing with shop stewards. "He is the boss and he makes sure they know it, too," says one union official.

He is perhaps the man who best typifies the new style of assertive, hard-line management introduced by Sir Michael Edwardes in his period as BL chairman.

Mr Barr, at only 45 has risen rapidly over the past four years to his present position as Austin Rover managing director, Operations—the man who makes sure the cars come down the line, on schedule and up to standard.

He came to the job the hard way, rising through the management ranks after serving an engineering apprenticeship and holding jobs at Chrysler, Linwood, and at British Leyland's truck and bus factories.

In a series of senior appointments within the volume cars division he has set production buzzing. He argues that it is management's job to manage. He is prepared to consult trade unions. "But I do not ask whether or not I can do something. Management is paid to take the decisions."

His dictum that the assembly track will be halted only for safety reasons has helped break restrictive practices and wrest control from the shop floor. "'Thou shalt not stop' is the message. Everyone is clear about that." he says.

Power and authority have also been thrust downwards to the foremen and supervisors. They are held responsible and accountable and do not, as so often in the past, need to manage at arms length through the shop steward system.

Mr Barr explains the philosophy that has brought such dramatic production success. "We have a system in Austin Rover which we call 'A better way to manage.' It acknowledges that only a disciplined environment, where everyone is fully aware of the scope and level of their responsibility, produces high-quality products efficiently."

Shop stewards will readily recognise that description of their place of work. Union leaders complain the present regime is little short of dictatorial with too little account taken of shop floor opinion.

Mr Barr flatly rejects such views: "We have moved from a position of crisis management where perhaps the ideas came cascading from the top downwards. Now we want to hear the views from the shop floor. We want to encourage a much closer involvement by all employees than ever before."

Andy Barr: he set production buzzing

ARTHUR SMITH

# Collaboration will halve costs

CONTINUED FROM PREVIOUS PAGE

reduced because Perkins will market the engines worldwide, with BL receiving a royalty on every one sold. In theory, it would make perfect sense—and not impinge on Austin Rover's engineering integrity if a mix of Honda and the new 'O'-based engines were used in both BL's and Honda's versions of the car.

So far, BL and Honda have been well pleased with their experience of working together. Already, the Acclaim indirectly has given Honda an extra bridgehead in Europe, while for BL it provided cheaply—£35m—a stop-gap model for the medium car market while the Maestro range was being delivered (though the Acclaim will be further developed as a distinct model.) Equally important for BL, the widespread feedback from consumers that the model is proving cheap to run and reliable has been helping to overcome its past poor reputation in precisely those areas.

But this interdependence with other companies, if anything, makes it even more important than the Maestro itself is a success. For the extent to which it allows Austin Rover to meet its target of breaking even at the operating level by the end of this year, and move into profit thereafter, will determine whether the collaboration really can produce an equal partnership, or whether Austin Rover is left as the poor relation, relying more heavily on Honda components.

*The first fruit of BL-Honda collaboration: the Triumph Acclaim. This particular version is a limited edition "special" from Avon Coachwork*

Before visiting Japan at the turn of the year, Mr Patrick Jenkin, Industry Secretary, said the UK Government would welcome Honda taking a financial stake in BL to further cement their ties. This has been ruled out by Honda's president, Mr Kiyoshi Kawashima, although he has said that Honda may well invest in a new joint company to produce the XX.

Even so, that would still leave the XX's fortunes inextricably tied up with BL's as, with a planned 1985 launch, there would appear to be no time available to set up separate UK manufacturing facilities.

Whichever forms collaboration finally takes, Austin Rover makes no bones about the fact that its future is dependent on them. With total car production last year of under 400,000 vehicles, it cannot afford the investments needed to develop and manufacture all its products "in-house."

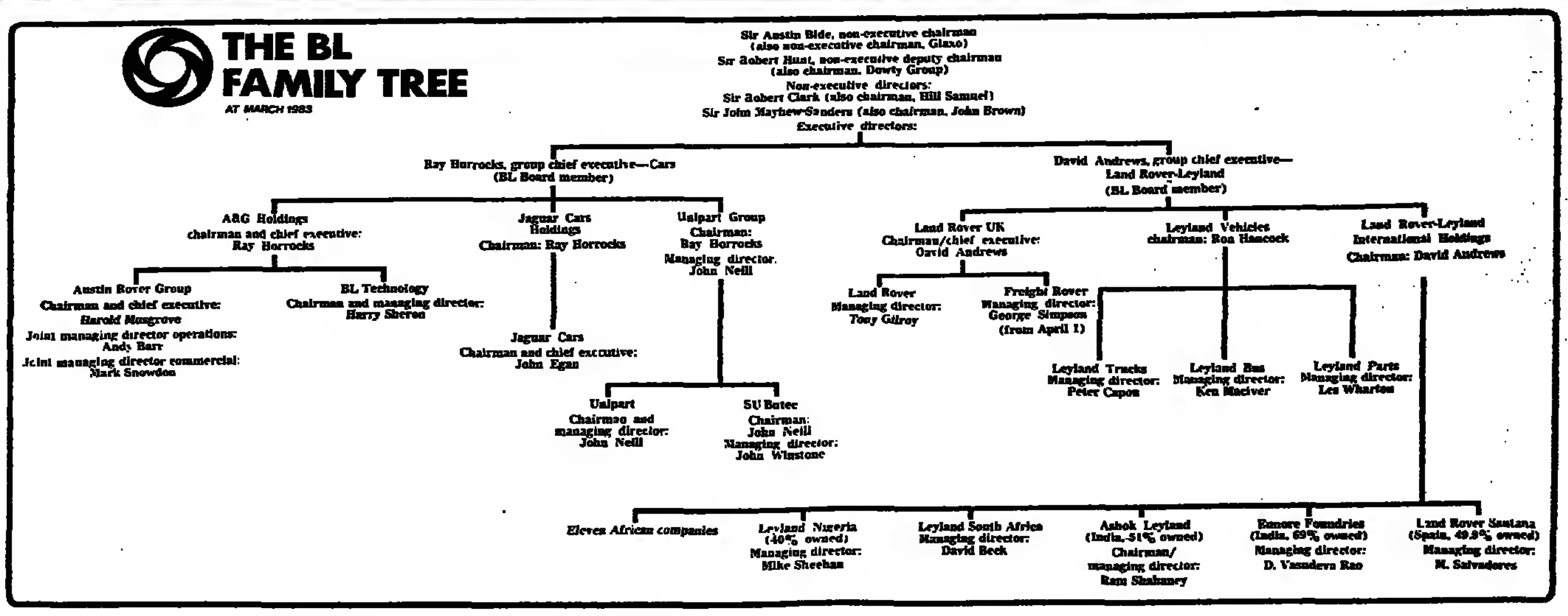
Honda makes about 1m cars a year, which give the company a considerably more viable operating base than BL, although it is still small when set against the likes of Toyota and General Motors. But the perceived benefits of collaboration go beyond the pursuit of cost-cutting.

Honda has been impressed by Austin Rover's technical and engineering abilities—particularly in the areas of space utilisation and suspensions—no less than BL has been impressed by similar abilities at Honda, which has acquired an exceptionally good reputation for its power train refinement.

And while the conventional industry view has been that only by huge economies of scale, with increasingly standardised products, will manufacturers—and then only a handful—survive, there is a growing body of opinion with a different belief.

This is based on the fact that the number of alternative technological approaches to design, energy-saving and manufacturing is proliferating—with the prospect of constantly-variable transmission providing a good example. With their new-found access to flexible manufacturing systems, the view goes, smaller manufacturers, if they exploit the possibilities skilfully, should still be able to carve out distinct markets of their own.

**John Griffiths**




Will BL's rationalisations and new working practices achieve the goals set during the Edwardes era?

# Working towards the target of profitability

BEFORE HE bowed out as chairman of BL, Sir Michael Edwardes maintained that the group was making good progress towards profitability and that the board felt it should be possible to seek private sector equity investment in the mainstream vehicles operations in the next two years.

His five years with BL be described as "stage one of a major recovery which at the onset looked problematical." During the period, he said, BL'a board bad:

Regained management control of the business and split it into manageable product groups.

Stuck to its product strategy—"the last thing to suffer in times of difficulty was the product."

Completed most of the necessary de-manning.

Reduced fixed costs to a much lower level throughout the business.

Introduced new working practices in cars and at the commercial vehicle plants, and reduced disputes.

Rationalised production and "matched production to the market place."

Modernised car and truck plants and brought into operation the Gaydon research and development centre.

Renewed nearly all the models, and the LM10 car range would be launched on time.

Strengthened management disciplines, for example, by tightening up cost controls.

Retained the dealer networks in the UK, Europe and North America.

Involved itself in "meaningful collaboration" with Honda for cars and Cummins, the U.S. group, for truck diesel engines.

Persuaded governments to put np equity funds for the new products, rationalisation, redundancies and modernisation.

"I'm not pretending the job is done," said Sir Michael. The company now faced a "stage two" with a different style of management to take BL towards financial break-even.

## Assess

One way to assess BL's future is to take these points individually and examine them more closely.

To start with, is BL making good progress towards profitability? The group reported its net loss for the first balf of 1982 was down to £143.4m from £225.8m in the corresponding period of 1981. Sir Michael predicted that BL should be able to contain the 1982 trading loss to the level of the first half of 1981—indicating one of £143m against £244.6m.

As restructuring costs for 1982 should be somewbat reduced from previous years, so should the net loss be well below the £497m recorded in 1981.

BL still aims to "approach break-even" at trading level this year and break-even at pre-tax level in 1984. Whether that actually is achieved depends mainly on wbether the Maestro and its sister car, the LM11, sell reasonably well. But it is also essential that the performance of Leyland Trucks improves—and that would take e substantial upturn in total demand in Britain for heavy trucks.

Then comes the question of privatisation which led to considerable friction between Sir Micbael and some members of the Government. Like some members of the BL board, be teods toward the idea that the group as a whole should be returned to bealth ao that it could attract private-sector cash. The Government would prefer that elements be sold off quickly and efforts have been made to interest outside buyers in Jaguar, for example.

However, the corporate plan, presented to Government before Christmas but as yet to be published in its abridged form, apparently bolds out little bope of any significant sale before a general election would have to take place.

The sticking point seems to be that althougb Jaguar, Land Rover and Unipart, the spares business, are profitable at the moment there are too many uncertainties, financial aod others, to make them attractive—even to a rival automotive group.

Sir Michael says the Board regained management control of BL. Certainly this aspect of his term in office attracted considerable attention and he is widely regarded in British industry as the man who seized power back from the shop stewards and emasculated the unions.

In particular be insisted that employees work to the terms of their contracts of employment. So if they were involved in an unofficial strike—the bane of the British motor industry for many years—they were in breach of contract and could be dismissed instantly.

Sir Michael seemed to be taking a great risk when in 1979 he sacked Mr Derek "Red Robbo" Robinson, the Communist shop steward. But when the other employees failed to strike in support of Mr Robinson, the stewards' standing was dealt a severe blow from which it has yet to recover.

## Ballots

Sir Michael capitalised oo divisions within the unions and weakened their position by going directly to the workforce with ballots on key issues—a key part of his insistence on "management's right to manage."

Some of his critics maintain that he was merely storing up trouble for the future. Indeed, the six-week strike by the normally docile workforce in the commercial vehicle business at the beginning of last year gave more than a hint that all was not well. But the rationalisation of Leyland Trucks, at the centre of that argument, went ahead eventually.

As for the management structure, the idea that BL should operate without a full-time chairman or even a managing director has puzzled some management theorists.

Sir Michael's chief executive role bas been split between Mr David Andrews, now group cbief executive for Land-Rover-Leyland, and Mr Ray Horrocks, group chief executive for the cars divisions.

These two Ford-trained executives do not act as joint managing directors because Mr Andrews takes no responsibility at all for the car operations while Mr Horrocks does not interfere in any way with the commercial vehicle business.

Mr Andrews says the preseot organisation gives the company "shorter lines of communication to get a faster response to the market place."

And the top structure, reflecting more explicitly the separateness of cars and commercial vehicles, could facilitate the break-up of BL into two or more separate companies if the new management or the Government wished.

Critics of the system point out that Daimler-Benz of West Germany, arguably the world's most successful motor business, keeps its cars and commercial vehicle operations tightly entwined so that, for example, the export sales director is responsible for both.

As for product strategy, with the Maestro launched on time, the LM11 ready for introduction next spring and a steady stream of new offerings from Leyland Trucks, Land-Rover, Freightrover, and Jaguar on the stocks, BL can certainly justify the claim that it has put product before anything else in the past five-year survival period.

However, as Sir Michael pointed out, that product strategy relies heavily on collaboration and even the straight purchase of key components such as the Volkswagen gearboxes used in the versions of the Maestro.

Austin Rover's first genuine co-operative venture with Honda (the Triumph Acclaim is no more than a licensing deal to produce a Honda car with some bought-in Japanese components) is well on the way.

It should result in 1985 with the appearance of a replacement for the Rover saloon but one which shares many key components with Maestro and LM11, thus making it very cbeap to produce.

Leyland Vehicles' deal with Cummins was carefully designed to give Leyland an efficient and cheap engine in the volume part of its business while at the same time protecting jobs at the Bathgate plant in Scotland. Leyend from the mid-1980s will produce Cummins' new, small, "Family 1" diesel engine range at Bathgate and sell them to Cummins' European customers as well as using the engines in its own trucks.

To increase the economies of scale, Cummins and Leyland are to swap key components for the engines. The two companies estimate that by 1990 Bathgate will be producing about 40,000 of the engines a year against the present output of 10,000 of Leyland's own 98-series.

Sir Michael always talked about his two-prooged strategy: new models would generate new revenue and fixed costs would be cut to make major savings.

Ten vehicle assembly plants were closed during his term at BL, six of them in the cars division which now concentrates assembly at only two major plants, Cowley, at Oxford, and Longbridge, Birmingham.

BL claims that as a result fixed costs have been reduced by £250m a year from the 1978 level.

At the same time the worldwide workforce bas been slimmed from 198,000 to around 100,000.

BL insists it will not give up its in-house ability to design and develop key components such as gearboxes and engines. But has the rationalisation gone to far? Mr Garel Rhys, Senior Lecturer in Economics at University College, Cardiff, and permanent adviser to the Parliamentary Industry Committee, says: "BL is now too small for the economies of scale needed for a company trying to produce a full range of vehicles.

## Involved

"This means it cannot have an independent future. In the long run it simply must get involved in co-operative ventures. And in those circumstances any profits will be small."

Prof Dan Jones of the Science Policy Research Unit at Sussex University and leader of the British team involved in the MIT "Future of the Automobile" programme agrees. "The cash simply is not there for BL to keep re-designing four model lines. So the futuro lies with joint ventures.

"BL's relationship with Honda has an enormous potential, particularly if the Maestro is not very successful. Then the links with Honda could be strengthened. It could become a joint relationship but with both companies keeping their individual identities."

In the Austin Rover business, where volume really counts, the capacity of Cowley is about 6,500 a week while that at the two Longbridge factories totals 8,500 a week.

This gives Austin Rover the capacity to produce 15,500 cars a week or 725,000 a year—not particularly substantial in motor industry terms where an annual output of 1m is reckoned to be a safer bet.

However, if, as seems lil ı y given the initial reaction of the motoring Press, dealers and fleet buyers, the Maestro lives up to BL'a expectations, the most likely outcome is that in the medium term the group would remain in more or less the same shape as we see it today—except a little more healthy in financial terms.

**Kenneth Gooding**

## KEY DATES IN BL's HISTORY

**1968** BMC and Leyland merger

**1974** Sept. Lord Stokes asks Government for financial help
Dec. Ryder committee of inquiry set up

**1975** April. Ryder reports. Recommends £1bn of Government aid inclnding buy-out of private shareholders. Alex Park appointed chief executive. Sir Ronald Edwards (died 1976) part-time cbairman

**1976** Sir Richard Dobson (ex-BAT) eppointed part-time chairman

**1977** Nov. Sir Michael Edwardes appointed chairman and chief executive

**1978** Feb. Edwardes announces plan to decentralise BL into three operating groups. Individual car marqnes to be re-established. 12,500 jobs to go
Feb. Closure of Speke announced dnring strike there
August. £22m of investment for Bathgate truck plant withdrawn because of strike there

**1979** Sept. "Recovery plan" announced following rise in price of sterling. Rationalisation and model programmes to be speeded up. 25,000 jobs to go

**1979** Oct. 92-page working practiees document aims to scrap last of restrictive practices left over from piece work. (Implemented April 1980)
Nov. Derek "Red Robbo" Robinson dismissed
Dec. Agreement with Honda to make a ear under licence

**1980** Oct. Metro launched

**1981** Oct. Acclaim, built under licence from Honda, launched

**1991** Nov. Restructuring plan for Leyland Vehicles announced
4,100 or 27 per cent cut in workforce

**1982** Sept. Leyland Vehicles deal to make Cummins engines at Bathgate

**1982** Dec. Edwardes leaves the board. Sir Austin Bide made part-time chairman. Management restructured

**1983** March. Maestro launched.

**MAJOR PLANT CLOSURES IN EDWARDES YEARS**

Abingdon—MG assembly.
Speke—TR7 assembly.
Canley—TR7 assembly.
Solihull — Rover saloon assembly.
Seneffe (Belgium) — Allegro, Mini assembly.
North London — Vanden Plas works.
Park Royal—buses.
AEC Southall—trucks.
Guy Wolverhampton—trucks.
North and South works Leyland—trucks (replaced by new £35m assembly hall).

Several other component and foundry plants severely reduced in scale.



# Planning to match Metro's success

CONTINUED FROM PAGE ONE

are foreign. Of that, 8 per cent results from the use of Volkswagen gearboxes in all Maestro versions. Says Mr Musgrove: "We did not want to risk £100m on a new gearbox when changes could take place so fast and give us no time to get our money back."

Austin Rover's whole approach — the gradual build-up of investment, the willingness to buy in a key components from a competitor rather than put a large outlay at risk — is designed to bring the company back to profitability.

Mr Musgrove says Austin Rover is still on course to be "approaching" break-even at trading profit level this year and to break-even at pre-tax profit level in 1984.

He claims there has been a complete change of attitude within Austin Rover. To back this claim he points to three things in particular:

The number of hours lost through disputes at Austin Rover last year totalled less than one working day — operations were dispute-free for 99.5 per cent of working time:

Output per employee, only 5.9 cars in 1979 bad jumped to 10.1 by 1982. "While output per employee is not a truly accurate measurement of efficiency when comparing oue group with another, it does provide a valid guide to one company's productivity performance," says Mr Musgrove.

Austin Rover bas won a two-year pay deal "which will allow the management to concentrate on getting the new cars on to the market."

The advent of Maestro has already created new jobs at Austin Rover. The number employed fell from 75,000 in 1977 wben Sir Micbael Edwardes took over at BL to 38,000 by the end of last year. However, 1,100 are being taken on at Cowley and a further 100 at the Swindon presswork plant.

Mr Musgrove maintains: "Today our management team is preparing itself not for another five years of crisis management but for the management of success.

"We are no longer fighting with our backs to the wall."